

Market Feasibility Analysis Worthington Club Apartments

Decatur, DeKalb County, Georgia

**To be developed by:
Worthington Acres Partners, Ltd.**

**Prepared for
The Georgia Department of Community Affairs**

June 2002

Table of Contents

I.	Executive Summary	v
II.	Project Description.....	1
III.	Site Evaluation	3
A.	Site Description	3
B.	Surrounding Land Uses.....	3
C.	Site Photos.....	4
D.	Location Maps.....	7
E.	Neighborhood Amenities	10
	Retail/Restaurants	10
	Education.....	11
	Medical	15
	Transportation.....	15
F.	Overall Site Conclusion	16
IV.	Market Area	17
A.	Market Area Definition.....	17
B.	Map of Market Area.....	18
V.	Market Area Economy.....	19
A.	At Place Employment and Employment by Sector.....	19
B.	Major Employers	21
C.	Labor Force and Unemployment	22
VI.	Community Demographic Data	24
A.	Population and Household Trends	24
B.	Recent Building Permit Activity.....	26
C.	Demographic Characteristics	27
D.	Income Characteristics.....	32
VII.	Project Specific Demand Analysis	34
A.	Proposed Unit Mix and Income Limits	34
B.	Affordability Analysis	35
C.	Demand Estimates and Capture Rates	40
D.	Tax Credit Demand Estimates and Capture Rates by Floorplan	45
E.	Absorption Estimate	45
VIII.	Supply Analysis	46
A.	Area Housing Stock	46
B.	Proposed Developments	56
IX.	Interviews	56
X.	Conclusions and Recommendations	57
	Appendix 1 - Underlying Assumptions and Limiting Conditions	60
	Appendix 2 - Analyst Certification	62
	Appendix 3 - Resumes	63
	Appendix 4 - Community Photos and Profiles.....	65

List of Tables

Table 1 - Proposed Unit Mix, Worthington Club Apartments.....	1
Table 2 - Neighborhood Amenities, Worthington Club Apartments.....	9
Table 3 - School Performance Assessment Tests, Results on School Basis.....	12
Table 4 - Largest Manufacturing Employers	21
Table 5 - Labor Force and Unemployment Rates, DeKalb County, Georgia.....	23
Table 6 - Trends in Population and Households, PMA and DeKalb County	25
Table 7 - DeKalb County Building Permits, 1990 - 2000	26
Table 8 - 2000 Age Distribution	28
Table 9 - 2000 Households by Household Type	29
Table 10 - 1990 & 2000 Dwelling Units by Occupancy Status	30
Table 11 - 2000 Households by Tenure & Age of Householder	31
Table 12 - 2001 Household Income Distribution, PMA and DeKalb County	33
Table 13 - Project Specific LIHTC Rent Limits, Atlanta MSA	34
Table 14 - 2004 Affordability Analysis for Worthington Club Apartments.....	37
Table 15 - 2004 Affordability Analysis for Worthington Club Apartments, by floorplan.....	38
Table 16 - Overall Tax Credit Demand Estimates, Worthington Club Apartments	41
Table 17 - Detailed Tax Credit Demand Estimates, Worthington Club Apartments	41
Table 18 - Overall Market Rate Demand Estimates, Worthington Club Apartments	42
Table 19 - Detailed Market Rate Demand Estimates, Worthington Club Apartments	43
Table 20 - Tax Credit Demand Estimates and Capture Rates by Floorplan.....	45
Table 21 - 1990 Units in Rental Housing	46
Table 22 - Rental Summary.....	49
Table 23 - Recreational Amenities of Communities	51
Table 24 - Features of Rental Communities in Primary Market Area	52
Table 25 - Salient Characteristics, Surveyed Rental Communities	53
Table 26 – Market Rate Comparable Property Analysis	55

List of Figures

Figure 1 - Site Location Photos	4
Figure 2 - At Place Employment, DeKalb County, Georgia.....	19
Figure 3 - Total Employment and Employment Change by Sector, DeKalb County.....	20
Figure 4 - Product Position	54

List of Maps

Map 1 - Site Location, Worthington Club Apartments	7
Map 2 - Neighborhood Amenities, Worthington Club Apartments.....	8
Map 3 - Primary Market Area.....	18
Map 4 - Surveyed Rental Communities	48

I. Executive Summary

Proposed Site Location

- The proposed site is located on the south side of Flat Shoals Road approximately one quarter of one mile east of Flakes Mill Road. The entrance to the site is located just east of a large shopping center with an Outback Steakhouse being the closest establishment.
- The proposed site is partially cleared with a large amount of mature trees remaining on both the east and west sides of the site. These trees will create a natural buffer between the proposed development and surrounding land uses.
- The proposed site is bordered to the north by vacant land and a recently constructed single family neighborhood, to the east by a newly constructed retail shopping center, to the south by Flat Shoals Road, and to the west by wooded parcels and single family homes.
- There are no apparent physical disadvantages to the site.

Proposed Amenities

- Common area amenities of Worthington Club Apartments will include an on-site management office, a swimming pool, a computer lab, on-site laundry facilities, an equipped recreation area, an equipped picnic area, covered pavilion with picnic/barbeque facilities, an exercise/fitness center, a walking path with sitting areas, and a fenced community garden.
- Unit specific amenities will include a fully-equipped kitchen with a refrigerator, an oven/range with exhaust hood, a dishwasher, and a garbage disposal, washer and dryer connections in each unit, and central heat and air.
- Additional services to be offered at Worthington Club Apartments will include supervised recreational activities for children, an after school

program, social and recreational programs, financial and budgeting seminars, drug and alcohol counseling, job counseling, and home buying seminars.

Demographic Analysis

- According to 2000 Census data, the proposed development is compatible with the demographic composition of the primary market area.
- The marriage rate, persons per household and existence of children in a large percentage of the household in the primary market area indicate the need for larger rental units.

Proposed Unit Mix and Rent Schedule

- The proposed unit mix consists of one, two, three, and four bedroom tax credit units at 30, 50 and 60 percent of the Area Median Income. There will also be a market rate component at Worthington Club Apartments.
- All floorplans to be included at Worthington Club Apartments are common in the primary market area's existing stock. The proposed floorplans will appeal to a large range of household sizes from single renters to large families. The proportion of units in each floorplan is appropriate.
- The proposed tax credit rents at Worthington Club Apartments are priced in the bottom half of the range of net rents for the 30 and 50 percent units. The 60 percent units are situated roughly in the middle of the range of net rents. The market rate units are priced near the top of the market.
- The proposed rents are appropriate given the larger than average unit sizes, attractive location, new construction, and extensive amenities to be included.

Affordability Analysis

- Based on household income distributions produced by Claritas, 38.2 percent of the households in the primary market area earn less than the maximum income limit for the four bedroom units at 60 percent of the AMI.

- When a minimum income limit is introduced, 31.56 percent earn below the maximum income limit and above the minimum income limit. This minimum income limit will apply to those householders without Section 8 voucher rental assistance.
- Based on the 2004 household estimate of 47,936 for the primary market area, there are 18,305 households with incomes below the maximum income limit and 15,130 of these household also earn more than the minimum income limit.

Demand and Capture Rates

- Using the methodology stipulated by DCA, we find that there will be 2,659 renter households as a result renter households living in substandard conditions, rent over burdened households, and renter household growth between 2002 and 2004.
- By applying the income qualification percentages discussed earlier to this demand number, we calculate that there is demand for 1,091 additional units addressing the income target market in the primary market area.
- This demand estimate results in a tax credit capture rate of 9.1 percent with a minimum income limit and 11.0 percent without a minimum income limit. Based on the product to be constructed and the proposed location, these capture rates are considered achievable. The market rate capture rate is 7.3 percent.

Final Conclusion

- Given the attractive location, low proposed rents, competitive unit sizes, and extensive amenities to be offered at Worthington Club Apartments, it is conservatively estimated that the proposed development will lease approximately 15 to 17 units per month. At this rate, the proposed development will achieve 95 percent occupancy within approximately eight to ten months.
- Based the data presented in this report, we find that Worthington Club Apartments passes the market study test as proposed.

II. Project Description

Worthington Club Apartments will be a newly constructed community offering 167 rental units. The proposed site is located on the south side of Flat Shoals Road approximately one quarter of one mile east of Flakes Mill Road. The majority (99) of the units at Worthington Club Apartments will be financed using Low Income Housing Tax Credits. The tax credit component of Worthington Club Apartments will include units reserved for tenants earning no more than 30 percent, 50 percent, and 60 percent of the Area Median Income (AMI). Sixty-eight units will be market rate and will not offer any rental assistance. Worthington Club Apartments will offer one, two, three, and four bedroom units with 822, 1,086, 1,209, and 1,460 square feet of living space respectively. The proposed unit and income targeting is shown in the following table.

Table 1 - Proposed Unit Mix, Worthington Club Apartments

AMI Level	Bedrooms	Bulding Type	Units	Avg. Size	Net Rent	Rent/Sq Ft
30%	1	Garden	4	822	\$284	\$0.35
30%	2	Garden	7	1,086	\$341	\$0.31
30%	3	Garden	3	1,209	\$390	\$0.32
30%	4	Garden	2	1,460	\$422	\$0.29
50%	1	Garden	16	822	\$534	\$0.65
50%	2	Garden	30	1,086	\$641	\$0.59
50%	3	Garden	13	1,209	\$736	\$0.61
50%	4	Garden	10	1,460	\$807	\$0.55
60%	1	Garden	4	822	\$584	\$0.71
60%	2	Garden	6	1,086	\$701	\$0.65
60%	3	Garden	2	1,209	\$805	\$0.67
60%	4	Garden	2	1,460	\$884	\$0.61
80%	1	Garden	16	822	\$800	\$0.97
80%	2	Garden	29	1,086	\$900	\$0.83
80%	3	Garden	13	1,209	\$1,000	\$0.83
80%	4	Garden	10	1,460	\$1,100	\$0.75
Total/Avg.			167	1,099	\$741	\$0.67

All of the units at Worthington Club Apartments will be located within seven garden style residential buildings that will have three or more stories. There will be three additional non-residential buildings that will house management offices, community amenities, and maintenance materials.

Common area amenities of Worthington Club Apartments will include an on-site management office, a swimming pool, a computer lab, on-site laundry facilities, an

equipped recreation area, an equipped picnic area, covered pavilion with picnic/barbeque facilities, an exercise/fitness center, a walking path with sitting areas, and a fenced community garden.

Unit specific amenities will include a fully-equipped kitchen with a refrigerator, an oven/range with exhaust hood, a dishwasher, and a garbage disposal, washer and dryer connections in each unit, and central heat and air.

Additional services to be offered at Worthington Club Apartments will include supervised recreational activities for children, an after school program, social and recreational programs, financial and budgeting seminars, drug and alcohol counseling, job counseling, and home buying seminars.

III. Site Evaluation

A. Site Description

The proposed site is located on the south side of Flat Shoals Road approximately one quarter of one mile east of Flakes Mill Road. The entrance to the site is located just east of a large shopping center, with an Outback Steakhouse being the closest establishment. The proposed site is partially cleared with a large amount of mature trees remaining on both the east and west sides of the site. These trees will create a natural buffer between the proposed development and surrounding land uses.

The proposed site is bordered to the north by vacant land and a recently constructed single family neighborhood, to the east by a newly constructed retail shopping center, to the south by Flat Shoals Road, and to the west by wooded parcels and single family homes.

B. Surrounding Land Uses

The proposed site is located in a less densely populated area of Decatur and DeKalb County. Flat Shoals Road is a divided four lane thoroughfare that connects the proposed site to Decatur and Panthersville to the northwest and leads toward Lithonia to the east. The traffic in the immediate area is moderate with the four lanes of Flat Shoals Road preventing traffic congestion in front of the site.

The immediate area surrounding the site includes a large of amount of new construction including two new shopping centers, Flat Shoals Crossing and Chapel Hill Commons, to the east and several moderate to upper income single family neighborhoods, including the Chapel Hill Subdivision that borders the site to the northeast.

The proposed site will be compatible with the surrounding land uses. There are few rental communities located within one mile of the proposed site. One of the few is Woodberry Village, an upper-end market rate community located within one half of one mile west of the site on Flat Shoals Road. The proposed site will benefit from its newly constructed surroundings.

C. Site Photos

Figure 1 - Site Location Photos



View of site facing south



View of site facing north toward Flat Shoals Road



View of site facing northwest.



View of site facing west.



Flat Shoals Road facing west from site entrance



View of single family homes located adjacent the northeast side of proposed site.

D. Location Maps

Map 1 - Site Location, Worthington Club Apartments



Map 2 - Neighborhood Amenities, Worthington Club Apartments



Table 2 - Neighborhood Amenities, Worthington Club Apartments

Establishment	Type	Address	Distance
Various Restaurants	Restaurants	Flat Shoals Rd/Flakes Mill Rd	0.1-0.2 Mile
Kroger	Grocery/Pharmacy	Flat Shoals Rd/Flakes Mill Rd	0.1 Mile
Eckerd Drugs	Drug Store	4855 Flat Shoals Rd	0.1 Mile
Dollar Tree	Discount Store	4919 Flat Shoals Rd	0.1 Mile
Don's Super Valu	Grocery/Market	4822 Flat Shoals Rd	0.2 Mile
Publix	Grocery/Pharmacy	3649 Flat Shoals Rd	0.2 Mile
Family Dollar	General Merchandise	4824 Flat Shoals Rd	0.2 Mile
Chapel Hill Internal Medicine	Medical Care	4826 Flat Shoals Rd	0.2 Mile
Chapel Hill Elementary	Public School	3536 Radcliffe Blvd	0.4 Mile
Southwest DeKalb High	Public School	2863 Kelley Chapel Rd	1.5 Miles
Chapel Hill Middle	Public School	3535 Dogwood Farm Rd	1.5 Miles
Fulton County Library	Public Library	4055 Flat Shoals Rd	1.9 Miles
Georgia Regional Hospital	Hospital	3073 Panthersville Rd	2.8 Miles
DeKalb County Police	Police	3630 Camp Circle	6.6 Miles
Decatur Fire Dept.	Fire	230 E Trinity Place	7.4 Miles

The majority of the retail and commercial establishments located within one half of one mile from the proposed site are located at the intersection of Flat Shoals Road and Flakes Mill Road. All of these establishments noted in the table above are within walking distance of the proposed site.

E. Neighborhood Amenities

Retail/Restaurants

Two recently constructed strip shopping centers are located on the north side of Flat Shoals Road on either side of Flakes Mill Road. The closer of the two is Chapel Hill Commons, which is anchored by a Kroger grocery store and pharmacy and located on the east side of Flakes Mill Road. Flat Shoals Crossing, anchored by Publix, is located on the west side of Flakes Mill Road opposite Chapel Hill Commons. Stores included in these shopping centers or in nearby out parcels include Pak-Mail, beauty supply, dry cleaners, Blockbuster Video, AutoZone, First Union Bank, Eckerd Drugs, Walgreen's, GNC, Wachovia Bank, and CATO Fashions.

Restaurants in the area include Atlanta Cheesesteak Company, China Panda, Gee Wings 2, Supreme Fish Delight, Wendy's, Outback Steakhouse, Pizza Hut, Church's Chicken, Applewood Grill, Farmer's Garden Café, Little Caesars Pizza, and Papa John's Pizza.



Publix Grocery and Pharmacy

Education

There are over 96,000 students in the public schools in DeKalb County. There are currently 82 elementary schools, 16 middle schools, 21 high schools, and 18 specialized centers.

The DeKalb County Board of Education and the citizens of DeKalb County own 137 school buildings and the 2,300 acres of land on which they are located. DeKalb's 137 schools and centers have more than 5,067 classrooms. More than 30,000 computers, 6,000 printers and 600 servers bring technology, distance learning and excellent software to DeKalb Schools. DeKalb Schools' Wide Area Network connects 136 sites plus administration.

The closest public schools to the proposed site Chapel Hill Elementary (0.4 mile), Chapel Hill Middle (1.5 miles), and Southwest DeKalb High (1.5 miles). In terms of test results, Chapel Hill Elementary ranks 58th out of 81 elementary schools, Chapel Hill Middle ranks 10th out of 19 schools, and Southwest Dekalb High ranks 9th out of 18 high school (Table 3).

The Atlanta Metro area is home to many institutions of higher learning including both public and private colleges and universities. The establishments include Georgia Tech, Atlanta Metropolitan College, Georgia Military College, Carter Theological Institute, Atlanta Christian College, Morehouse College, Atlanta University, Clark College, Spellman College, and Phillips School of Theology.



Chapel Hill Elementary

Table 3 - School Performance Assessment Tests, Results on School Basis
Elementary Schools

Georgia Stanford 9 Tests
Average Percentile of Elementary School Students Grades 3 and 5
DeKalb County, Georgia
School Year 2000 - 2001

	School Name	3rd Grade					5th Grade					Total		
		Read	Math	Language	Science	SS	Composite	Read	Math	Language	Science		SS	Composite
1	Vanderlyn Elementary School	82	86	84	81	83	81	87	91	88	89	84	86	83.5
2	Oak Grove Elementary School	90	83	87	86	85	84	80	82	81	78	73	76	80.0
3	Fernbank Elementary School	80	76	82	82	81	78	83	85	85	82	85	81	79.5
4	Austin Elementary School	78	82	80	86	79	78	80	84	80	78	72	77	77.5
5	Briarlake Elementary School	82	81	82	80	81	79	81	77	72	77	72	75	77.0
6	Evansdale Elementary School	74	70	71	71	75	71	75	85	71	80	70	76	73.5
7	Livsey Elementary School	81	72	80	78	77	77	73	63	73	70	66	69	73.0
8	Laurel Ridge Elementary School	74	68	75	74	75	70	70	75	76	57	57	69	69.5
9	Kingsley Elementary School	73	69	76	70	70	69	67	68	70	53	57	64	66.5
10	Henderson Mill Elementary School	63	62	70	65	65	63	68	75	72	63	67	69	66.0
11	Montgomery Elementary School	64	69	74	69	66	66	53	58	58	70	47	56	61.0
12	Huntley Hills Elementary School	59	59	67	52	57	58	60	60	63	47	54	61	59.5
13	Sagamore Hills Elementary School	66	53	59	69	68	59	63	48	57	53	50	57	58.0
14	Marbut Elementary School	60	49	61	53	60	57	56	63	65	58	53	59	58.0
15	Robert Shaw Theme School	51	54	63	44	39	52	57	64	74	55	52	61	56.5
16	Smoke Rise Elementary School	58	47	57	54	57	55	57	58	59	57	56	57	56.0
17	Narvie Harris Elementary School	56	56	69	55	57	59	48	55	64	46	47	53	56.0
18	Chesnut Elementary School	51	48	53	49	49	50	57	65	64	64	61	60	55.0
19	Briar Vista Elementary School	49	56	53	50	50	52	52	66	57	58	56	55	53.5
20	Brockett Elementary School	59	57	63	55	57	59	40	51	41	47	47	46	52.5
21	Midvale Elementary School	56	61	60	54	51	55	51	48	49	44	49	50	52.5
22	Browns Mill Elementary School	40	49	53	40	45	47	60	57	59	55	51	57	52.0
23	Edward L. Bouie, Sr. Elementary School	51	47	58	43	50	51	51	49	59	46	46	51	51.0
24	Hawthorne Elementary School	44	53	56	49	49	50	47	50	54	34	44	45	47.5
25	Rockbridge Elementary School	42	46	52	43	55	48	43	41	54	44	46	46	47.0
26	Medlock Elementary School	52	51	54	42	52	54	31	41	46	34	30	39	46.5
27	Shadow Rock Elementary School	39	37	37	38	40	41	51	49	57	43	45	50	45.5
28	Murphy Candler Elementary School	39	51	49	49	50	48	40	45	48	39	37	43	45.5
29	Meadowview Elementary School	35	43	38	33	35	41	48	57	48	34	38	48	44.5
30	Rock Chapel Elementary School	45	42	52	41	49	47	39	41	41	33	39	40	43.5
31	Bob Mathis Elementary School	34	40	42	41	43	41	45	50	47	43	42	46	43.5
32	Oakcliff Elementary School	40	40	39	38	38	41	41	52	44	39	44	45	43.0
33	Wadsworth Elementary School	38	33	39	42	32	43	41	44	49	28	34	43	43.0
34	Canby Lane Elementary School	40	41	49	39	44	44	35	40	43	24	37	40	42.0
35	Glen Haven Elementary School	48	44	26	24	25	39	44	54	41	23	33	44	41.5
36	Nancy Creek Elementary School	40	42	37	32	35	39	43	43	46	43	44	44	41.5
37	Ashford Park Elementary School	37	36	39	40	36	40	42	41	46	30	41	41	40.5
38	Hooper Alexander Elementary School	46	43	54	30	36	44	31	33	38	38	30	36	40.0
39	Woodridge Elementary School	36	46	44	36	35	40	37	45	45	32	38	40	40.0
40	Eldridge L. Miller Elementary School	36	35	43	34	39	38	40	44	45	29	38	41	39.5
41	Pine Ridge Elementary School	35	35	36	34	39	38	40	39	44	37	39	41	39.5
42	Forrest Hills Elementary School	31	37	35	30	39	42	41	45	39	30	40	36	39.0
43	Rowland Elementary School	31	38	37	29	33	35	34	47	43	37	41	41	38.0
44	Panola Way Elementary School	38	34	41	34	38	39	35	38	37	24	33	35	37.0
45	Dunaire Elementary School	33	31	35	38	39	36	38	31	44	34	38	38	37.0
46	Rainbow Elementary School	28	31	33	27	33	33	37	41	44	33	44	41	37.0
47	Allgood Elementary School	35	27	37	29	31	35	34	36	36	31	32	37	36.0
48	Pleasantdale Elementary School	24	32	26	29	33	29	41	43	43	34	40	42	35.5
49	Stone Mountain Elementary School	30	32	32	27	31	33	35	34	34	32	35	37	35.0
50	Redan Elementary School	30	33	36	28	30	34	32	33	36	26	37	36	35.0
51	Hambrick Elementary School	27	31	30	26	31	31	36	42	40	30	39	39	35.0
52	Hightower Elementary School	27	38	35	28	30	32	35	43	41	24	32	38	35.0
53	Flat Shoals Elementary School	28	38	34	30	32	34	30	36	45	20	26	34	34.0
54	Avondale Elementary School	28	31	32	30	34	33	30	34	36	30	31	35	34.0
55	Clifton Elementary School	27	20	29	21	27	27	36	44	46	32	38	41	34.0
56	Snappfinger Elementary School	24	24	33	26	26	29	35	38	42	32	38	39	34.0
57	Fairington Elementary School	32	29	37	32	36	35	31	33	27	27	31	32	33.5
58	Chapel Hill Elementary School	29	28	32	26	31	32	36	30	33	24	35	34	33.0
59	Kelley Lake Elementary School	28	28	32	26	25	32	29	33	41	32	39	34	33.0
60	Leslie J. Steele Elementary School	22	26	30	30	28	34	25	34	39	20	24	31	32.5
61	Idlewood Elementary School	32	38	37	30	29	36	21	33	29	21	31	28	32.0
62	Jolly Elementary School	27	28	26	27	37	37	25	27	25	22	32	27	32.0
63	Montclair Elementary School	21	30	38	25	26	29	32	43	41	26	29	35	32.0
64	Stone Mill Elementary School	20	24	25	20	22	25	30	34	43	27	34	39	32.0
65	Columbia Elementary School	22	25	26	21	24	28	30	37	35	23	34	34	31.0
66	Cedar Grove Elementary School	28	21	30	26	32	30	31	27	32	25	32	31	30.5
67	McLendon Elementary School	23	26	26	26	28	28	31	33	36	24	33	33	30.5
68	Stoneview Elementary School	26	26	26	21	30	28	27	37	29	24	32	32	30.0
69	Atherton Elementary School	24	30	26	25	26	29	29	29	30	22	34	30	29.5
70	Terry Mill Elementary School	24	26	22	21	27	28	26	34	28	23	29	29	28.5
71	Knollwood Elementary School	21	19	18	20	20	23	33	35	35	24	33	34	28.5
72	Tilson Elementary School	23	22	25	21	22	25	29	27	33	20	31	30	27.5
73	Gresham Park Elementary School	20	20	23	18	27	24	25	32	35	20	34	31	27.5
74	Woodward Elementary School	17	35	33	21	21	26	21	32	30	17	27	29	27.5
75	Dresden Elementary School	20	36	30	24	27	29	19	28	27	18	26	25	27.0
76	Indian Creek Elementary School	21	26	27	23	25	26	20	28	30	24	33	27	26.5
77	Toney Elementary School	19	28	24	22	23	26	19	26	25	15	23	26	26.0
78	Peachcrest Elementary School	17	17	19	18	17	21	24	30	29	17	26	29	25.0
79	Sky Haven Elementary School	11	21	16	17	18	19	17	29	28	18	24	25	22.0
80	Cary Reynolds Elementary School	13	21	17	19	22	19	18	26	21	19	23	23	21.0
81	Midway Elementary School	36	39	41	34	32	38	0	0	0	0	0	0	19.0
COUNTY TOTALS		40.0	41.5	43.9	39.1	41.4	42.7	41.5	45.4	46.2	37.5	41.3	43.6	43.1

Source: Georgia State Department of Education
Compiled by Real Property Research Group, Inc.

Middle Schools

Georgia Stanford 9 Tests
Average Percentile of Middle School Students Grades 8
DeKalb County, Georgia
School Year 2000 - 2001

8th Grade							
Rank	School Name	Reading	Math	Language	Science	SS	Composite
1	Chamblee Middle School	72	69	78	70	70	71
2	DeKalb School of the Arts	67	59	74	63	68	68
3	Peachtree Middle School	65	65	73	64	65	65
4	Shamrock Middle School	56	46	65	54	56	57
5	Henderson Middle School	53	51	60	50	54	54
6	Miller Grove Middle School	48	36	52	43	47	46
7	Stephenson Middle School	45	33	49	37	41	43
8	Cedar Grove Middle School	38	26	43	35	37	37
9	Stone Mountain Charter School Inc.	42	19	44	34	38	36
10	Chapel Hill Middle School	37	25	41	30	31	35
11	Salem Middle School	35	25	40	31	35	35
12	Stone Mountain Middle School	33	26	38	31	32	33
13	Columbia High School	30	26	35	25	32	32
14	Towers High School	29	22	34	27	29	29
15	Freedom Middle School	26	22	33	26	27	27
16	McNair Middle School	24	20	31	20	27	26
17	Avondale Middle School	23	21	29	19	24	26
18	Sequoyah Middle School	23	23	32	23	26	25
19	DeKalb Alternative School	22	14	20	17	20	19

COUNTY TOTALS

40.4	33.1	45.8	36.8	39.9	40.2
-------------	-------------	-------------	-------------	-------------	-------------

Source: Georgia State Department of Education
Compiled by Real Property Research Group, Inc.

High Schools

Georgia High School Graduation Tests (HSGT)
Average Percentile of Graduating High School Students
DeKalb County, Georgia
School Year 2000 - 2001

11th Grade							
Rank	School Name	Language	Math	Science	SS	Composite	HSGT Writing Test
1	Lakeside High School	98	98	90	94	87	95
2	DeKalb School of the Arts	100	100	86	98	84	100
3	Dunwoody High School	97	94	80	88	79	94
4	Redan High School	99	97	82	92	78	95
5	Chamblee High School	96	95	79	89	77	96
6	Druid Hills High School	94	92	77	84	72	90
7	Tucker High School	95	93	71	85	69	89
8	Stephenson High School	97	95	72	85	67	95
9	Southwest DeKalb High School	97	93	67	83	63	96
10	Cedar Grove High School	96	91	69	72	60	91
11	Lithonia High School	94	88	59	76	55	92
12	Columbia High School	95	90	61	71	54	92
13	Stone Mountain High School	93	92	59	70	54	91
14	Towers High School	93	90	52	82	50	83
15	Clarkston High School	75	81	52	65	43	82
16	Cross Keys High School	82	86	43	60	41	76
17	Avondale High School	88	83	42	67	40	80
18	McNair High School	89	76	40	62	38	91

COUNTY TOTALS

93.2	90.8	65.6	79.1	61.7	90.4
-------------	-------------	-------------	-------------	-------------	-------------

Source: Georgia State Department of Education
Compiled by Real Property Research Group, Inc.

Medical

The closest major medical center to the proposed site is Georgia Regional Hospital. This major hospital offers a variety of medical care including 24-hour emergency medicine, general practice, surgery, cardiology, radiology, oncology, and a birthing center. Georgia Regional Hospital is located approximately three miles northwest of the proposed site on Panthersville Road just south of I-285.

In addition to this major medical center, several smaller clinics and independent physicians are located within one mile of the site. The closest of these includes Chapel Hill Internal Medicine on Flat Shoals Road and a dentist in the Flat Shoals Crossing shopping center.

Transportation

DeKalb County and the Atlanta metropolitan area are served by Interstates 20, 75, 85 and 285. Interstate 285 is located approximately three miles northwest of the site, Interstate 20 is located within three miles north, and Interstates 75 and 85 are both located approximately eight miles west of the proposed site. These interstates provide access to the entire metropolitan Atlanta area, the state of Georgia and bordering states. Large state and U.S. Highways in the area include Highways 278, 124, 20, 212, and 155.

Metro Atlanta's rail and transit system, MARTA, connects DeKalb County with much of the Atlanta region through its bus and train network. The current bus system does not include the immediate area surrounding the site. Coverage stops at the intersection of Flat Shoals Road and Clifton Springs Road, which is approximately two miles northwest of the proposed site. As the immediate area continues to grow, MARTA is likely to extend bus coverage to this area.

F. Overall Site Conclusion

The subject site is located in an attractive, growing area of southwest DeKalb County. This site will benefit from the moderate to upscale new construction in the immediate area including both large retail shopping centers and single family homes. This is one of the few areas of southwest DeKalb County supporting new construction. The majority of the county with the exception of the southeast quadrant is densely population and is characterized by older, established neighborhoods. While much of the surrounding infrastructure is older, the new construction surrounding the site greatly enhances the appeal of the site.

The subject site will distinguish itself from the existing rental stock in the primary market. Along with the new construction, this site's location will make Worthington Club Apartments one of the most desirable rental communities in this area of DeKalb County.

IV. Market Area

A. Market Area Definition

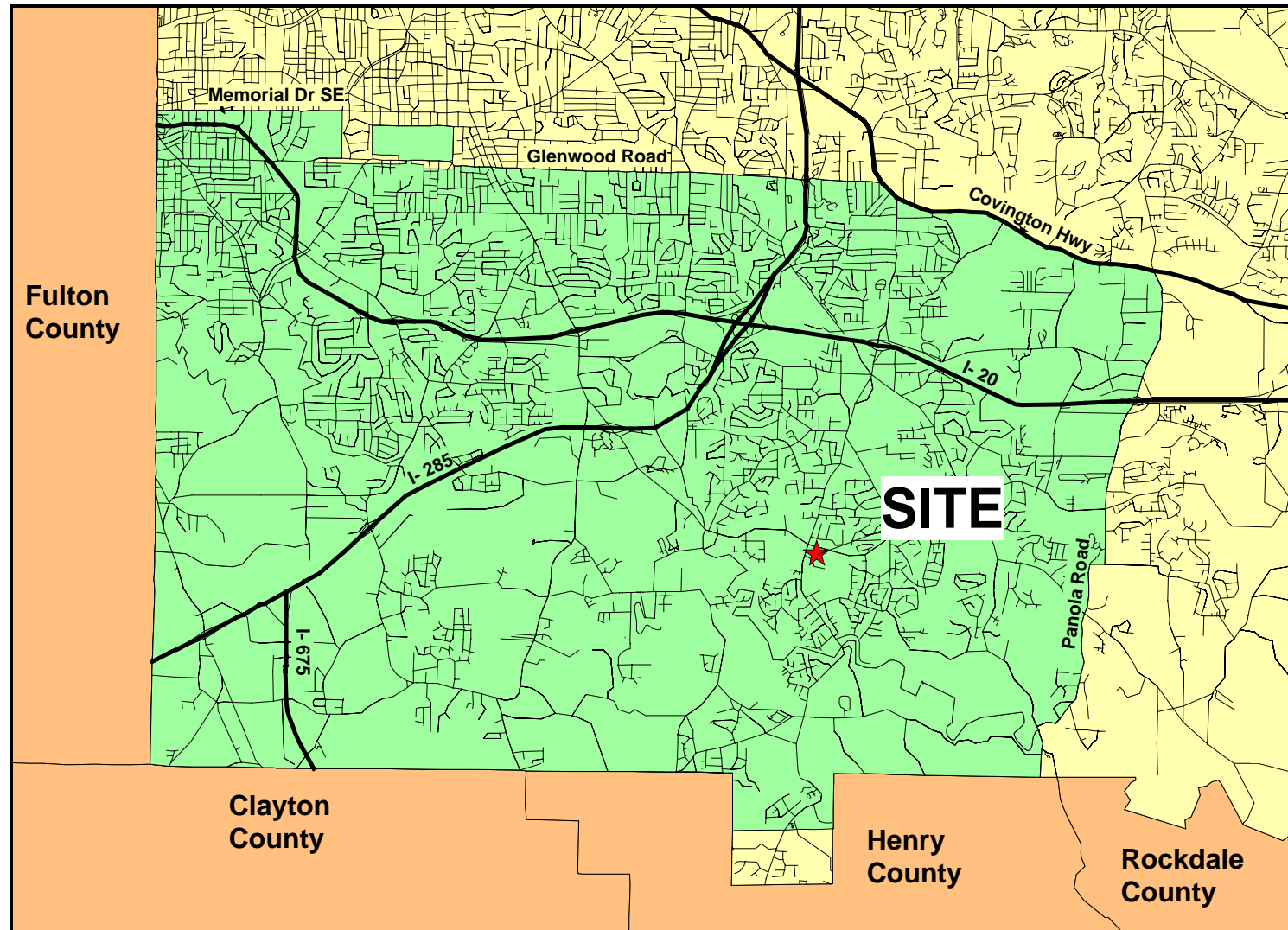
The primary market area for Worthington Club Apartments consists of the census tracts located in the southwest corner of DeKalb County. The basic borders of this market area are Highway 278/Covington Highway to the north, Panola Road to the east, Henry/Clayton County to the south, and Moreland Avenue/Fulton County to the west.

This market area was determined based on conversations with local property managers, local housing officials, and on-site analysis. The composition and housing stock is fairly consistent throughout the primary market area. There are no natural or social boundaries that would hinder the movement of renters throughout this market.

The approximate distance to the borders of this primary market area are 3.79 miles to the north, 2.98 miles to the east, 2.47 miles to the south, and 6.97 miles to the west. The primary market area includes year 2000 census tracts 0209, 0237, 0236.01, 0235.01, 0235.06, 0235.07, 0232.03, 0238.01, 0236.02, 0235.04, 0235.05, 0236.03, 0238.03, 0238.02, 0234.12, 0234.11, 0234.10, 0234.14, 0234.16, 0234.13, 0234.01, 0234.05, and 0234.15.

B. Map of Market Area

Map 3 - Primary Market Area

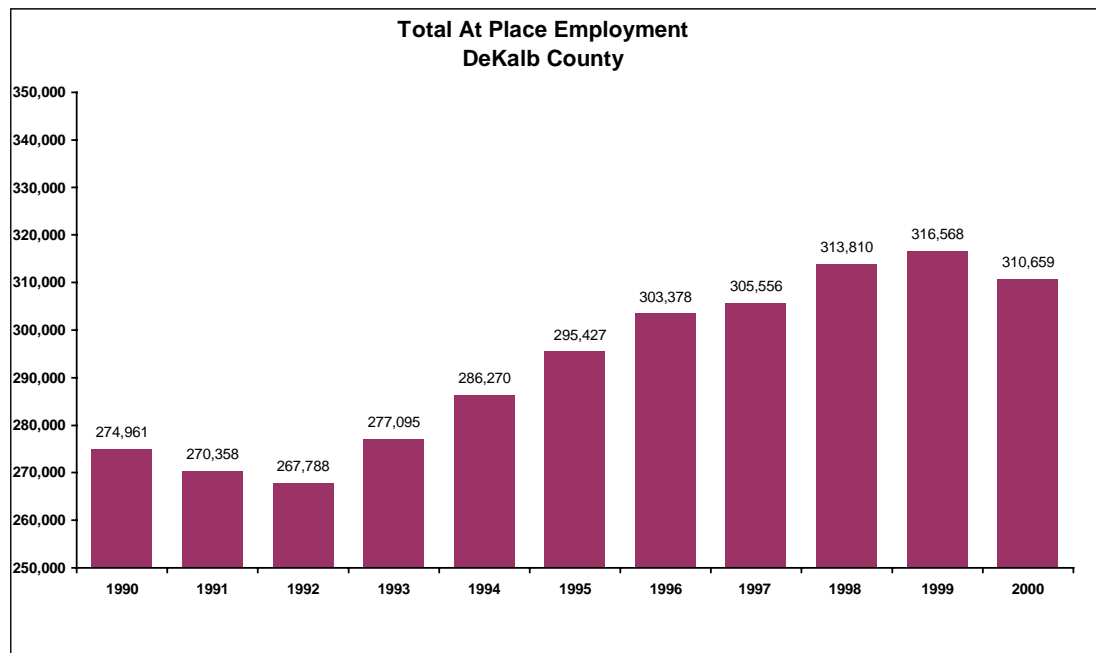


V. Market Area Economy

A. At Place Employment and Employment by Sector

Total at place employment has increased at a significant pace over the past decade (Figure 2). In 2000, employment in DeKalb County reached 310,659, as job growth averaged nearly 3,570 jobs annually during the decade. Overall, the county experienced a net increase of over 35,698 jobs since 1990. Total at-place employment decreased between 1990 and 1992, which was followed by seven years of consecutive growth. At-place employment also declined between 1999 and 2000. Larger than average increases were experienced between 1992 and 1996. Growth was moderate towards the end of the decade. On a percentage basis, job growth in DeKalb County has been lower than national employment growth over the last five years of the previous decade (Figure 3).

Figure 2 - At Place Employment, DeKalb County, Georgia

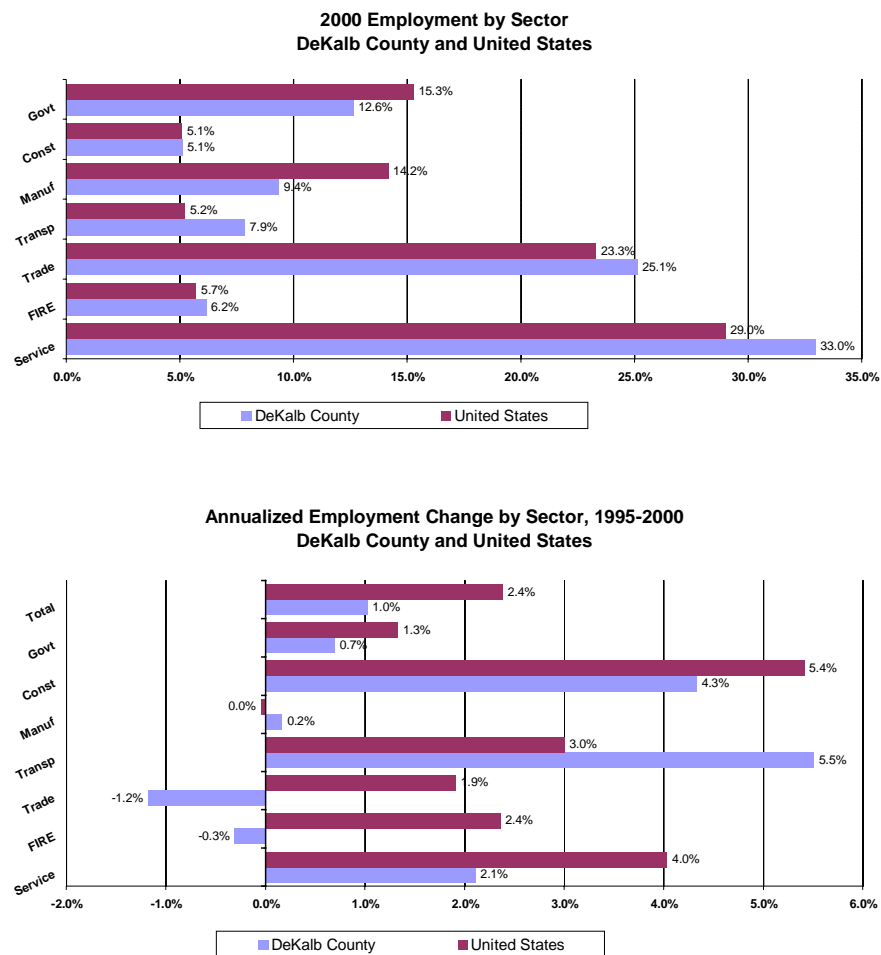


Source: Georgia Department of Labor,
of Labor Statistics, Covered Employment and Wages (ES 202)

Bureau

At place employment figures indicate that the service sector of employment growth is fueling DeKalb County's economy. The service sector had the third fastest rate of growth of any sector since 1995 (2.1 percent annualized growth) and the largest share of any employment sector at 33.0 percent (Figure 3). The transportation (5.5 percent) and construction (4.3 percent) sectors also experienced above average growth, however accounted for only 7.9 percent and 5.1 percent of total employment respectively. Major employers in Atlanta and DeKalb County represent a wide range of products and/or services including telecommunications, manufacturing, service, and healthcare (Table 4).

Figure 3 - Total Employment and Employment Change by Sector, DeKalb County



Source: Georgia Department of Labor,
Bureau of Labor Statistics, Covered Employment and Wages (ES 202)

B. Major Employers

DeKalb County contains nearly one fifth of all the businesses located in Metro Atlanta's 20 county metropolitan area. In 2000, nearly 20,000 businesses were licensed in the county employing more than 315,000 people. DeKalb County's economic base includes manufacturing, retail, construction, trade, finance, engineering, and management. The majority of the major employers in DeKalb are located along Interstates 285 and 20 with the largest concentration being near Perimeter Mall, which is located near I-285 and Abernathy Boulevard. This employment center is located approximately 15 miles north of the proposed site. The largest private employers in Atlanta include Delta Air Lines, BellSouth, Emory University, Wal-Mart, AT&T, IBM, The Home Depot, UPS, Lucent, Coca-Cola, Georgia Pacific, and General Motors.

Table 4 - Largest Manufacturing Employers

Employer	Employees	City
General Motors	3,500	Doraville
Lanier Worldwide	800	Atlanta
Earthgrains, Inc.	680	Decatur
Edwards Baking Co.	542	Atlanta
Siemens Energy and Automation	525	Tucker
John H. Harland Co.	500	Decatur
Georgia Duck and Cordage Mill	455	Scottsdale
Scientific Atlanta	435	Doraville
Hormel Foods	364	Tucker
WinCup	355	Stone Mountain
Lithonia Lighting	350	Decatur
Hostess Cake Kitchens	325	Atlanta
IPD Printing & Distributing	303	Chamblee
Our-Way	300	Tucker

Source: DeKalb Partnership

C. Labor Force and Unemployment

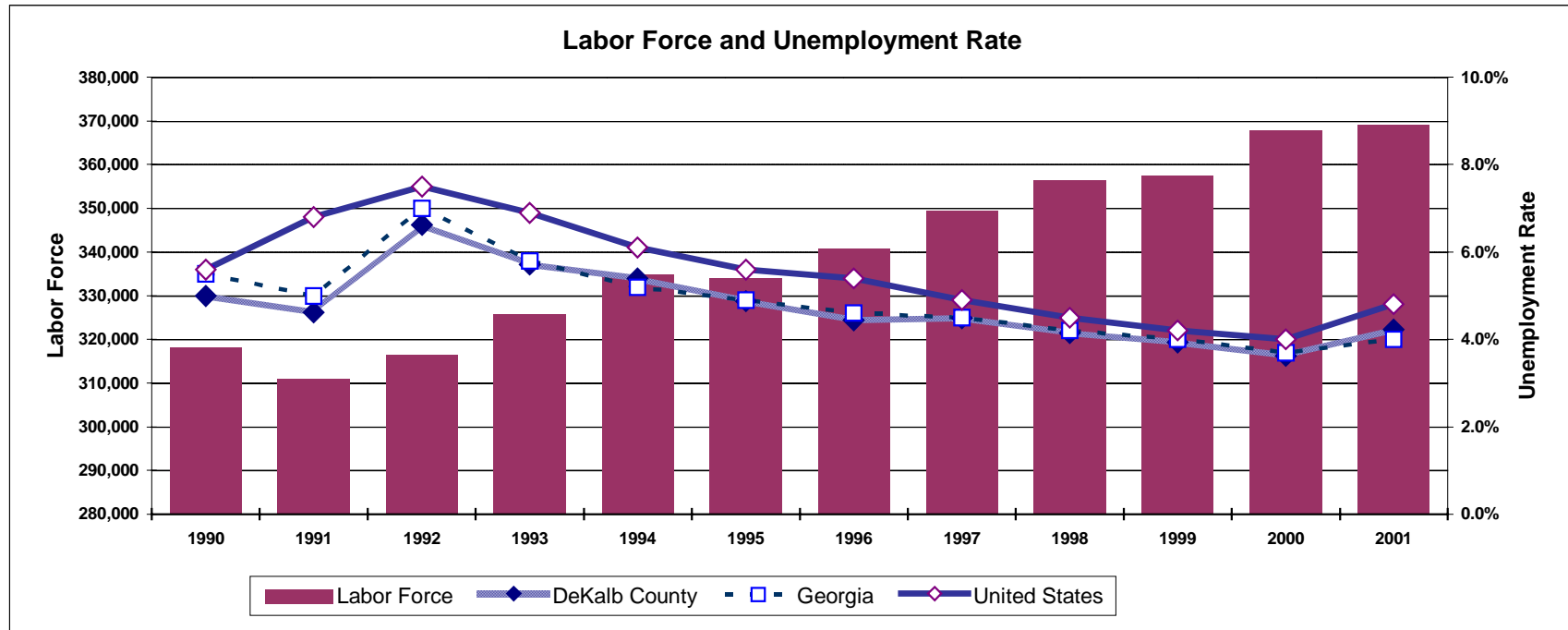
DeKalb County's labor force has increased by 50,783 or 15.96 percent over the past 11 years. After an initial decline between 1990 and 1991, the labor force experienced an increase in nine of the next ten years. The growth has been fairly consistent and even with lower than average growth between 1998 and 1999 and between 2000 and 2001. The 2001 labor force is 0.3 percent higher than the 2000 year end total (Table 5).

The unemployment rate in DeKalb County has consistently declined over the past decade with an increases recorded in only two years. The high point of the decade in terms of unemployment rate occurred in 1992, with 6.6 percent of the workforce unemployed. A decline in the labor force in seven of eight years following this high point in unemployment resulted in the decade's lowest level of unemployment at 3.6 percent in 2000. Unemployment data for 2001 shows that DeKalb County's unemployment rate increased 0.6 percentage points over the past year. This is slightly higher than the increase experienced by the state of Georgia (0.3 percentage points), but lower than and The United States (0.8 percentage points). It appears that DeKalb County's unemployment has been impacted commensurate with the state's economy and to a lesser degree than the nation's.

Table 5 - Labor Force and Unemployment Rates, DeKalb County, Georgia

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Labor Force	318,189	311,060	316,365	325,790	334,826	334,009	340,855	349,504	356,436	357,463	367,744	368,972
Employment	302,293	296,697	295,407	307,186	316,767	317,741	325,706	333,820	341,681	343,409	354,416	353,398
Unemployment	15,896	14,363	20,958	18,604	18,059	16,268	15,149	15,684	14,755	14,054	13,328	15,574
Unemployment Rate												
DeKalb County	5.0%	4.6%	6.6%	5.7%	5.4%	4.9%	4.4%	4.5%	4.1%	3.9%	3.6%	4.2%
Georgia	5.5%	5.0%	7.0%	5.8%	5.2%	4.9%	4.6%	4.5%	4.2%	4.0%	3.7%	4.0%
United States	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%

Source: Georgia Department of Labor, Licencing and Regulation



VI. Community Demographic Data

A. Population and Household Trends

Historic growth rates for the primary market area and DeKalb County are based on 1990 and 2000 Census counts. Projections are based on Claritas Data Services, Inc. growth rates for both geographies applied to the base 2000 Census data and compared to countywide population estimates developed by the Georgia State Data and Research Center. This approach is more conservative than using the more aggressive estimates made by Claritas before the release of the 2000 Census data.

DeKalb County has experienced steady growth over the past decade. DeKalb County's 2000 population represents an increase of 120,028 persons or 22.0 percent from 1990. The population growth rate in the primary market area has been slightly lower than the county's rate of 20.2 percent during the same time period (Table 6). Based on the estimates made, the county and PMA populations are expected to grow by an additional 5.3 and 4.7 percent respectively from 2000 to 2004.

Based on 1990 and 2000 Census data, the PMA gained 9,309 households, while the entire county increased by a total of 40,649 households. The PMA's growth equates to an average annual increase of 931 households or 2.3 percent, faster than the county's annual rate of 1.8 percent.

Projections show that the PMA's household count is expected to increase by an additional 2,585 or 5.7 percent between 2000 and 2004. The county's rate of household growth is projected at 7.9 percent or 19,729 households during the same four year time period.

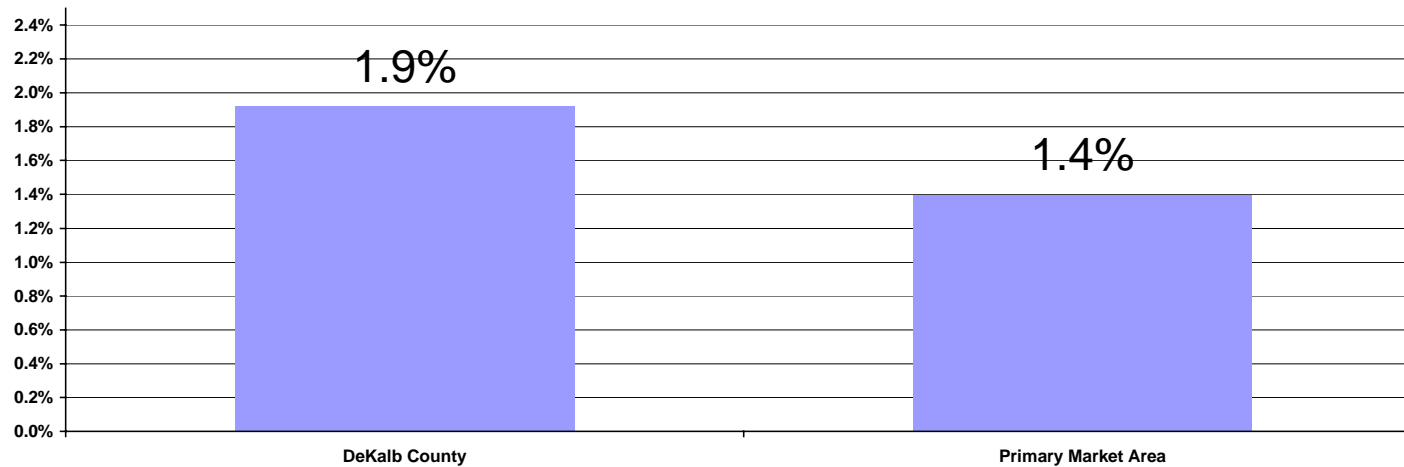
Table 6 - Trends in Population and Households, PMA and DeKalb County

DeKalb County	Change 1990 to 2000								Change 2000 to 2002				Change 2000 to 2004			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2002	2004	#	%	#	%	#	%	#	%	#	%	#	%
Population	545,837	665,865	683,351	701,296	120,028	22.0%	12,003	2.0%	17,486	2.6%	8,743	1.3%	35,431	5.3%	17,715	1.3%
Households	208,690	249,339	260,965	269,068	40,649	19.5%	4,065	1.8%	11,626	4.7%	5,813	2.3%	19,729	7.9%	9,865	1.9%

The Primary Market Area	Change 1990 to 2000								Change 2000 to 2002				Change 2000 to 2004			
					Total		Annual		Total		Annual		Total		Annual	
	1990	2000	2002	2004	#	%	#	%	#	%	#	%	#	%	#	%
Population	114,214	137,323	140,533	143,818	23,109	20.2%	2,311	1.9%	3,210	2.3%	1,605	1.2%	6,495	4.7%	3,248	1.2%
Households	36,042	45,351	46,626	47,936	9,309	25.8%	931	2.3%	1,275	2.8%	637	1.4%	2,585	5.7%	1,292	1.4%

Source: Projections, Real Property Research Group, Inc.
note: annual change is compounded rate

Annual Household Growth Rate 2000-2004

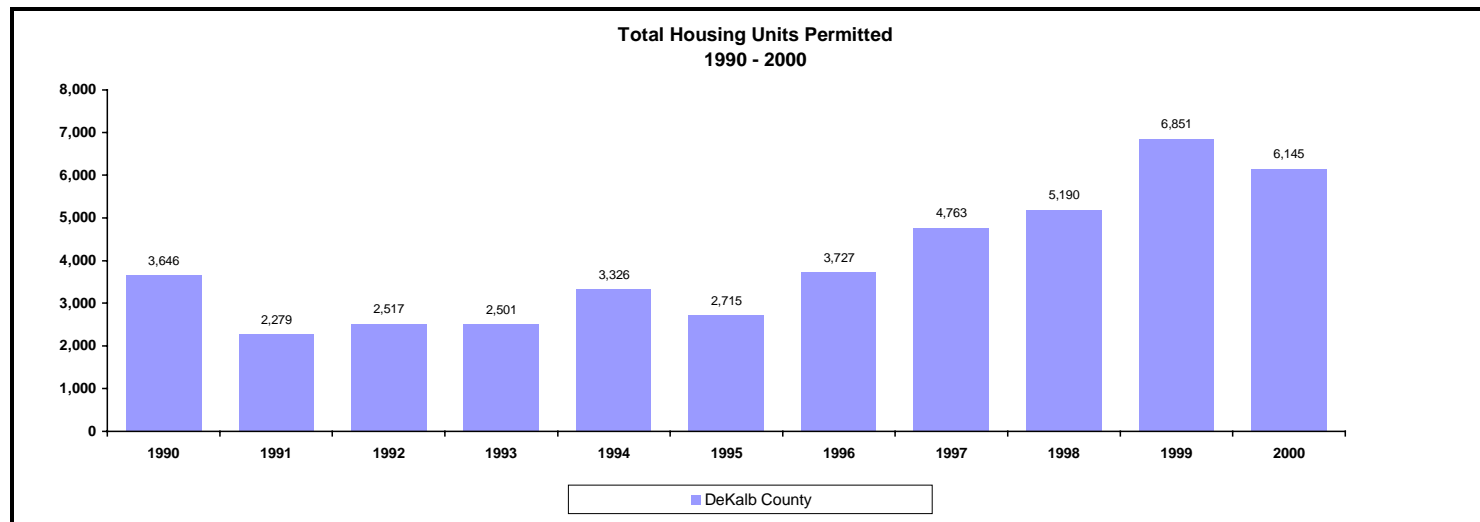


B. Recent Building Permit Activity

Average annual permit activity in the county over the last decade was 3,969 units, lower than the average household growth of 4,065 (Table 7). According to the annual average of the past decade, 31.89 percent of the building permits have been multifamily. According to 2000 Census data, 41.5 percent of the householders in the county are renters.

Table 7 - DeKalb County Building Permits, 1990 - 2000

DeKalb County	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	1990-2000	Annual
Single Family	2,364	1,712	2,234	2,057	1,970	1,819	2,355	2,698	3,895	4,376	4,266	27,382	2,704
Two Family	186	48	48	12	40	30	44	36	54	4	0	316	46
3 - 4 Family	0	0	0	0	0	0	0	9	0	20	0	29	3
5 or more Family	1,096	519	235	432	1,316	866	1,328	2,020	1,241	2,451	1,879	12,287	1,217
Total	3,646	2,279	2,517	2,501	3,326	2,715	3,727	4,763	5,190	6,851	6,145	40,014	3,969



C. Demographic Characteristics

With the recent release of 2000 Census data, we can look at demographic characteristics of the census tracts in the primary market area and DeKalb County.

A review of the population by age bracket in the PMA versus DeKalb County (Table 8) shows that the two areas have noticeable differences in terms of age of population. The primary market area has a much higher proportion of its residents under the age of 17 (29.5 percent versus 24.7 percent) compared to the county. The market also has a higher proportion of its population between 45 and 64 years (22.7 percent) than does the county (19.7 percent). DeKalb County has a higher percentage in each age bracket between the ages of 18 and 44 years of age and age 65 and older.

In terms of household types (Table 9), the primary market area has a slightly higher percentage of married households (40.6 percent versus 40.1 percent). The PMA has a much higher percentage of households with children present (38.1 percent versus 31 percent). This is due to both married householders with children and single parent households. DeKalb County has a much higher proportion of householders living alone (Table 8). Overall, it appears that the primary market is comprised of middle aged, married householders with children. DeKalb County's is generally older with a lower marriage rate and fewer children.

Table 8 - 2000 Age Distribution

	DeKalb County		The Primary Market Area	
	#	%	#	%
Under 10 years	94,247	14.2%	21,793	15.9%
10-17 years	69,731	10.5%	18,677	13.6%
18-24 years	72,887	10.9%	13,910	10.1%
25-34 years	129,873	19.5%	21,064	15.3%
35-44 years	114,571	17.2%	22,807	16.6%
45-54 years	85,353	12.8%	20,465	14.9%
55-59 years	26,495	4.0%	6,267	4.6%
60-64 years	19,484	2.9%	4,400	3.2%
65-69 years	15,474	2.3%	2,897	2.1%
70-74 years	13,406	2.0%	2,070	1.5%
75 and older	24,344	3.7%	2,973	2.2%
TOTAL	665,865	100.0%	137,323	100.0%

Source: U.S. Census of Population and Housing, 2000

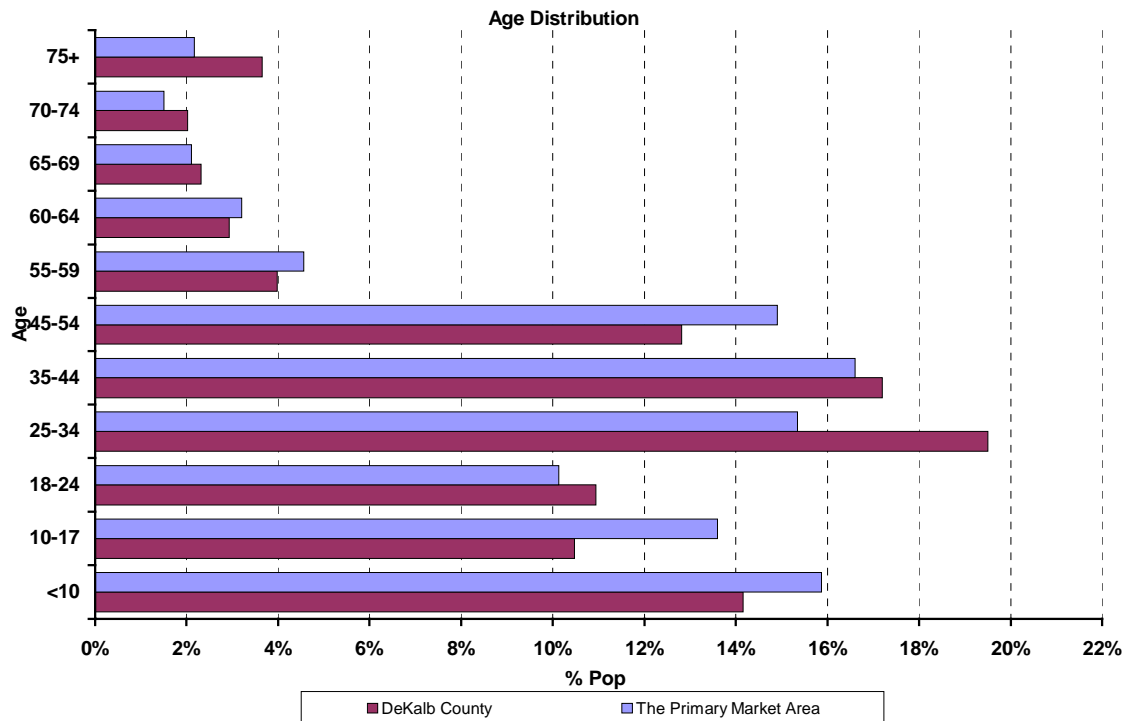
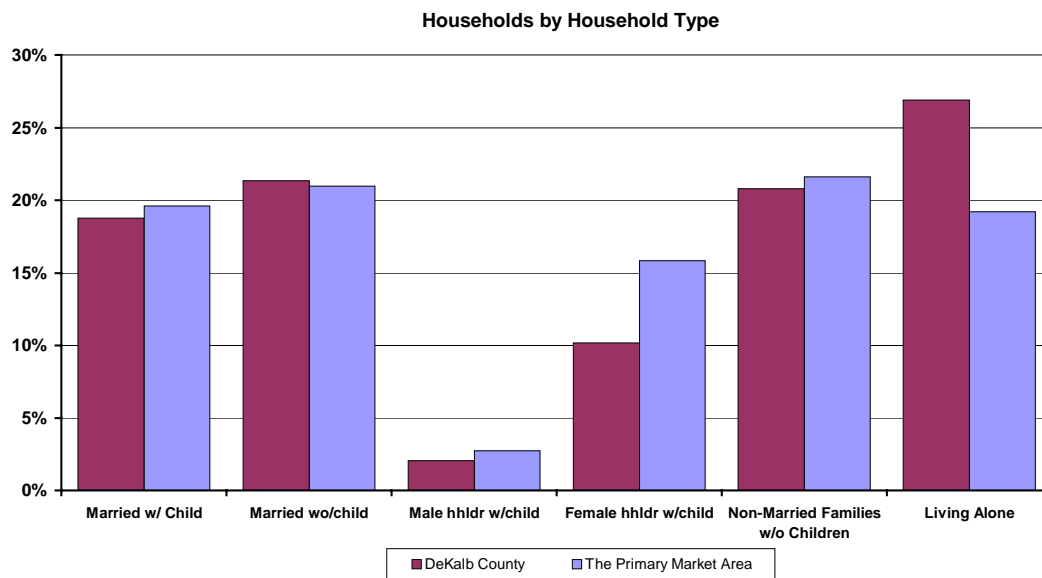


Table 9 - 2000 Households by Household Type

	DeKalb County		The Primary Market Area	
	#	%	#	%
Married w/ Child	46,736	18.7%	8,900	19.6%
Married wo/child	53,251	21.4%	9,512	21.0%
Male hhldr w/child	5,131	2.1%	1,246	2.7%
Female hhldr w/child	25,372	10.2%	7,176	15.8%
Non-Married Families w/o Children	51,778	20.8%	9,801	21.6%
Living Alone	67,071	26.9%	8,716	19.2%
Total	249,339	100.0%	45,351	100.0%

Source: U.S. Census of Population and Housing, 2000



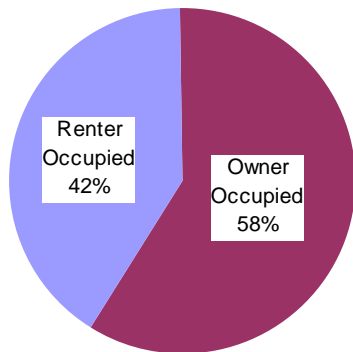
The majority of the householders in both the primary market area and DeKalb County own their home. In 2000, 31 percent of the householders in the PMA were renters (Table 10). In comparison, 41.5 percent of DeKalb County householders rented. Homeownership increased by 1.4 percent over the past ten years in the market area and it increased by 0.8 percent in the county.

Table 10 - 1990 & 2000 Dwelling Units by Occupancy Status

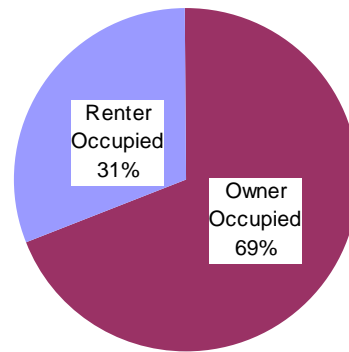
	DeKalb County		PMA	
	#	%	#	%
1990 Households				
Owner Occupied	120,587	57.8%	24,380	67.6%
Renter Occupied	88,103	42.2%	11,674	32.4%
Total Occupied	208,690	100.0%	36,054	100.0%

	DeKalb County		PMA	
	#	%	#	%
2000 Households				
Owner Occupied	145,825	58.5%	31,276	69.0%
Renter Occupied	103,514	41.5%	14,075	31.0%
Total Occupied	249,339	100.0%	45,351	100.0%

DeKalb County



PMA



A review of the age of householder by tenure reveals that the primary market area's householders are more concentrated in the middle age groups for both owner and renter householders (Table 11). DeKalb County has a higher percentage of its owner householders under the age of 45 and over the age of 64, while the PMA has a much higher percentage between the age of 45 and 65. The PMA has 47.9 percent of its owner householders in this age group, while the county has 40 percent. A similar trend occurs among renter householders, although the middle age grouping is a bit wider. The primary market area has 54.7 percent of its renter householders between the ages of 35 and 74 years old compared to 45.8 percent in the county. DeKalb County has a higher percentage in each age cohort on either side of these middle age groups.

Table 11 - 2000 Households by Tenure & Age of Householder

Owner Households	DeKalb County		The Primary Market Area	
Age of HHldr	#	%	#	%
15-24 years	1,540	1.1%	350	1.1%
25-34 years	22,442	15.4%	4,190	13.4%
35-44 years	38,376	26.3%	7,936	25.4%
45-54 years	36,432	25.0%	9,388	30.0%
55-64 years	21,920	15.0%	5,585	17.9%
65-74 years	14,393	9.9%	2,570	8.2%
75 to 84 years	8,801	6.0%	1,055	3.4%
85+ years	1,921	1.3%	202	0.6%
Total	145,825	100%	31,276	100%

Renter Households	DeKalb County		The Primary Market Area	
Age of HHldr	#	%	#	%
15-24 years	13,476	13.0%	1,652	11.7%
25-34 years	38,869	37.5%	4,495	31.9%
35-44 years	24,822	24.0%	3,768	26.8%
45-54 years	13,761	13.3%	2,454	17.4%
55-64 years	5,610	5.4%	1,002	7.1%
65-74 years	3,204	3.1%	481	3.4%
75 to 84 years	2,520	2.4%	184	1.3%
85+ years	1,252	1.2%	39	0.3%
Total	103,514	100%	14,075	100%

D. Income Characteristics

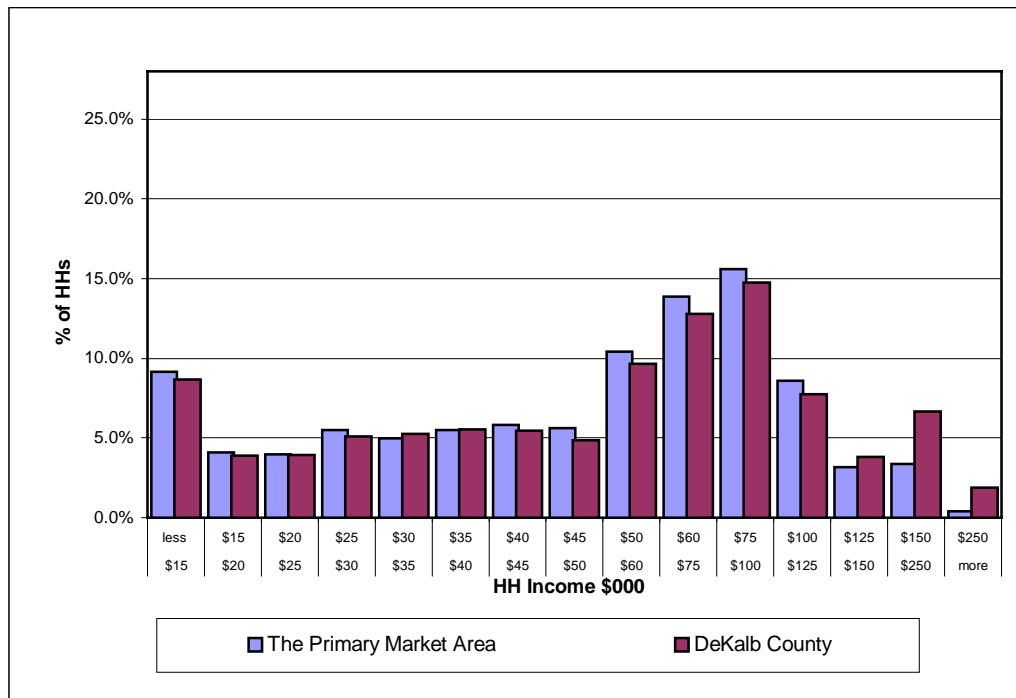
Claritas, Inc. estimates the 2001 median household income for DeKalb County to be \$57,142 (Table 12). The median household income in the primary market area is \$54,498, which is approximately 95 percent of the county median.

The difference in the median income of the two areas is a result of the top three income brackets, \$125,000 and higher. The primary market area has a higher percentage in each income group below \$30,000 and between \$40,000 and \$125,000. The county has a slightly higher percentage between in \$30,000 and \$35,000 and the two areas have the same percentage between \$35,000 and \$40,000.

Twenty percent of the households in the primary market area have incomes between \$20,000 and \$40,000, which are the incomes typically addresses by tax credit communities. The following sections discusses the project specific income limits for the proposed units at Worthington Club Apartments.

Table 12 - 2001 Household Income Distribution, PMA and DeKalb County

The Primary Market Area				DeKalb County	
less than	\$15,000	4,198	9.1%	21,953	8.7%
\$15,000	\$19,999	1,879	4.1%	9,826	3.9%
\$20,000	\$24,999	1,835	4.0%	9,926	3.9%
\$25,000	\$29,999	2,520	5.5%	12,852	5.1%
\$30,000	\$34,999	2,287	5.0%	13,355	5.3%
\$35,000	\$39,999	2,519	5.5%	14,036	5.5%
\$40,000	\$44,999	2,671	5.8%	13,813	5.5%
\$45,000	\$49,999	2,582	5.6%	12,263	4.8%
\$50,000	\$59,999	4,788	10.4%	24,445	9.7%
\$60,000	\$74,999	6,382	13.9%	32,351	12.8%
\$75,000	\$99,999	7,174	15.6%	37,366	14.8%
\$100,000	\$124,999	3,953	8.6%	19,636	7.8%
\$125,000	\$149,999	1,462	3.2%	9,676	3.8%
\$150,000	\$249,999	1,544	3.4%	16,863	6.7%
\$250,000	over	190	0.4%	4,821	1.9%
		45,984	100.0%	253,180	100.0%
Median Income		\$54,498		\$57,142	



VII. Project Specific Demand Analysis

A. Proposed Unit Mix and Income Limits

The following table shows the floorplans to be offered at Worthington Club Apartments. Tax credit units are all those targeting renters earning no more than 60 percent of the Area Median Income. Any proposed market rate units will be noted as targeting 80 percent of the AMI. The “Minimum Income” column was calculated assuming that tenants will pay no more than 35 percent of their income for total housing cost for family units and no more than 40 percent for elderly units. The “Maximum Income” limit was calculated using the 2002 HUD Income Limit of \$71,200 for the Atlanta MSA, in which the project is located.

According to the 2002 Qualified Allocation Plan, maximum allowable project rents must be calculated using 54 percent of the Area Median Income, adjusted for household size. However, tenant eligibility for the units priced at 54 percent of the median is based on 60 percent of the AMI. The “maximum income” and “maximum gross rent” columns in the table below are based on 60 percent of the AMI, however the “planned gross rent” is based on 54 percent.

None of the units will offer project based rental assistance.

Table 13 - Project Specific LIHTC Rent Limits, Atlanta MSA

Maximum % of AMI	Number of Units	Bedrooms	Planned Net Rent	Utility Allowance	Planned Gross Rent	Maximum Gross Rent	Maximum Income	Minimum Income
30%	4	1	\$284	\$89	\$373	\$401	\$16,020	\$12,789
30%	7	2	\$341	\$107	\$448	\$481	\$19,230	\$15,360
30%	3	3	\$390	\$128	\$518	\$555	\$22,215	\$17,760
30%	2	4	\$422	\$156	\$578	\$620	\$24,780	\$19,817
50%	16	1	\$534	\$89	\$623	\$668	\$26,700	\$21,360
50%	30	2	\$641	\$107	\$748	\$801	\$32,050	\$25,646
50%	13	3	\$736	\$128	\$864	\$926	\$37,025	\$29,623
50%	10	4	\$807	\$156	\$963	\$1,033	\$41,300	\$33,017
60%	4	1	\$584	\$89	\$673	\$801	\$32,040	\$23,074
60%	6	2	\$701	\$107	\$808	\$962	\$38,460	\$27,703
60%	2	3	\$805	\$128	\$933	\$1,111	\$44,430	\$31,989
60%	2	4	\$884	\$156	\$1,040	\$1,239	\$49,560	\$35,657
80%	16	1	\$800	\$89	\$889	\$1,068	\$42,720	\$30,480
80%	29	2	\$900	\$107	\$1,007	\$1,282	\$51,280	\$34,526
80%	13	3	\$1,000	\$128	\$1,128	\$1,481	\$59,240	\$38,674
80%	10	4	\$1,100	\$156	\$1,256	\$1,652	\$66,080	\$43,063

B. Affordability Analysis

The following affordability analysis shows the penetration rate of income eligible households required to lease up the community. (Table 14). This penetration rate should not be confused with the capture rates based on DCA demand components shown in the following section.

- Penetration rates were calculated for all units, by income percentage, and by floorplan. The next several bullets will describe the methodology used to determine the penetration rate, using the first floorplan as an example. The tables on the following pages show the penetration rates for all floorplans.
- Using a 35 percent underwriting criteria, we determined that the average proposed 30 percent gross rent for a one bedroom unit (\$373) would be affordable to households earning a minimum of \$12,789, which includes 44,761 households in the primary market area.
- Based on the 2002 LIHTC income limits for households at 30 percent of median income, the maximum income allowed for a one bedroom unit in this market would be \$16,020. We estimate that 43,800 households within the primary market area have incomes above that maximum.
- Subtracting the 43,800 households with incomes above the maximum income from the 44,761 households that could afford to rent this unit, we compute that 961 households are within the band of being able to afford the proposed rent. The proposed four 30 percent one bedroom units would require a penetration rate of 0.4 percent of all qualified households to lease up all units. Using the same methodology, we determined the band of qualified households for each of the other bedroom types offered in the community.
- Given the income requirements of each unit type and the overlap of income bands, project wide affordability bands were calculated. Looking at all 99 LIHTC units, the project will need to absorb 0.7 percent of 15,130 households that earn between \$12,789 and \$49,555 in the primary market area.
- By subtracting the 29,631 households with income above \$49,555 from the 2004 household estimate (47,936), 18,305 households or 38.2 percent of all households earn below the maximum income limit for the tax credit units.

- The 15,130 households with incomes above the minimum **and** below the maximum income limit represent 31.56 percent of the total household count.
- Affordability by floorplan indicates that there is a sufficient number of income qualified households for all floorplans at each income level.

Table 14 - 2004 Affordability Analysis for Worthington Club Apartments.

Gross Capture Rate by Income Group

<u>Number of Units</u>		<u>Band of Qualified HHs</u>		<u># Qualified HHs</u>		
30% Units	16	<i>Income</i>	\$12,789	\$24,778	4,012	0.4% Penetration Rate
		<i>HHs</i>	44,761	40,749		
50% Units	69	<i>Income</i>	\$21,360	\$41,296	8,592	0.8% Penetration Rate
		<i>HHs</i>	41,989	33,397		
60% Units	14	<i>Income</i>	\$23,074	\$49,555	11,736	0.1% Penetration Rate
		<i>HHs</i>	41,367	29,631		
Mkt Units (80%)	68	<i>Income</i>	\$30,480	\$66,080	16,685	0.4% Penetration Rate
		<i>HHs</i>	38,739	22,054		
All LIHTC UNITS	99	<i>Income</i>	\$12,789	\$49,555	15,130	0.7% Penetration Rate
		<i>HHs</i>	44,761	29,631		

Table 15 - 2004 Affordability Analysis for Worthington Club Apartments, by floorplan.

Capture Rate by Unit Type

One Bedroom Units				Two Bedroom Units			
30% Units	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	4		Number of Units	7		
	Net Rent	\$284		Net Rent	\$341		
	Gross Rent	\$373		Gross Rent	\$448		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$12,789	\$16,020	Income	\$15,360	\$19,224	
	Range of Qualified Hslds	44,761	43,800	Range of Qualified Hslds	44,018	42,739	
50% Units	# Qualified Households		961	# Qualified Households		1,279	
	Unit Penetration Rate		0.4%	Unit Penetration Rate		0.5%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	16		Number of Units	30		
	Net Rent	\$534		Net Rent	\$641		
	Gross Rent	\$623		Gross Rent	\$748		
	% Income for Shelter	35%		% Income for Shelter	35%		
60% Units	Income	\$21,360	\$26,700	Income	\$25,646	\$32,040	
	Range of Qualified Hslds	41,989	39,959	Range of Qualified Hslds	40,399	37,655	
	# Qualified Households		2,030	# Qualified Households		2,744	
	Unit Penetration Rate		0.8%	Unit Penetration Rate		1.1%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
	Number of Units	4		Number of Units	6		
	Net Rent	\$584		Net Rent	\$701		
Market Rate (80%)	Gross Rent	\$673		Gross Rent	\$808		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$23,074	\$32,040	Income	\$27,703	\$38,448	
	Range of Qualified Hslds	41,367	37,655	Range of Qualified Hslds	39,540	34,710	
	# Qualified Households		3,712	# Qualified Households		4,831	
	Unit Penetration Rate		0.1%	Unit Penetration Rate		0.1%	
	Base Price	Proposed	Maximum	Base Price	Proposed	Maximum	
Market Rate (80%)	Number of Units	16		Number of Units	29		
	Net Rent	\$800		Net Rent	\$900		
	Gross Rent	\$889		Gross Rent	\$1,007		
	% Income for Shelter	35%		% Income for Shelter	35%		
	Income	\$30,480	\$42,720	Income	\$34,526	\$51,280	
	Range of Qualified Hslds	38,364	32,746	Range of Qualified Hslds	36,527	28,815	
	# Qualified Households		5,618	# Qualified Households		7,711	
Market Rate (80%)	Unit Penetration Rate		0.3%	Unit Penetration Rate		0.4%	

Three Bedroom Units

30% Units

Base Price	Proposed	Maximum
Number of Units	3	
Net Rent	\$390	
Gross Rent	\$518	
% Income for Shelter	35%	
Income	\$17,760	\$22,214
Band of Qualified Hslds	43,224	41,679
# Qualified Households		1,545
Unit Penetration Rate		0.2%

50% Units

Base Price	Proposed	Maximum
Number of Units	13	
Net Rent	\$736	
Gross Rent	\$864	
% Income for Shelter	35%	
Income	\$29,623	\$37,024
Band of Qualified Hslds	38,739	35,371
# Qualified Households		3,368
Unit Penetration Rate		0.4%

60% Units

Base Price	Proposed	Maximum
Number of Units	2	
Net Rent	\$805	
Gross Rent	\$933	
% Income for Shelter	35%	
Income	\$31,989	\$44,429
Band of Qualified Hslds	37,679	31,965
# Qualified Households		5,714
Unit Penetration Rate		0.0%

Market Rate (80%)

Base Price	Proposed	Maximum
Number of Units	13	
Net Rent	\$1,000	
Gross Rent	\$1,128	
% Income for Shelter	35%	
Income	\$38,674	\$59,240
Band of Qualified Hslds	38,739	25,002
# Qualified Households		13,736
Unit Penetration Rate		0.1%

Four Bedroom Units

Base Price	Proposed	Maximum
Number of Units	4	
Net Rent	\$422	
Gross Rent	\$422	
% Income for Shelter	35%	
Income	\$14,469	\$24,778
Range of Qualified Hslds	44,287	40,749
# Qualified Households		3,538
Unit Penetration Rate		0.1%

Base Price	Proposed	Maximum
Number of Units	10	
Net Rent	\$807	
Gross Rent	\$807	
% Income for Shelter	35%	
Income	\$27,669	\$41,296
Range of Qualified Hslds	39,555	33,397
# Qualified Households		6,158
Unit Penetration Rate		0.2%

Base Price	Proposed	Maximum
Number of Units	2	
Net Rent	\$884	
Gross Rent	\$884	
% Income for Shelter	35%	
Income	\$30,309	\$49,555
Range of Qualified Hslds	38,441	29,631
# Qualified Households		8,811
Unit Penetration Rate		0.0%

Base Price	Proposed	Maximum
Number of Units	10	
Net Rent	\$1,100	
Gross Rent	\$1,100	
% Income for Shelter	35%	
Income	\$37,714	\$66,080
Range of Qualified Hslds	35,051	22,054
# Qualified Households		12,996
Unit Penetration Rate		0.1%

C. Demand Estimates and Capture Rates

DCA's demand methodology for general occupancy developments consists of three components. The first is income qualified renter households living in substandard households. "Substandard" is defined as having more than 1.01 persons per room and/or lacking complete plumbing facilities. According to 1990 US Census data, the percentage of households in DeKalb County that are "substandard" is 3.88 percent.

The second component of demand is population growth. This number is the number of age and income qualified renter households anticipated to move into the market area within the next two years.

The final component of demand is cost burdened renters, which is defined as those renter households paying more than 35 percent of household income for housing costs. According to 1990 Census data, 32.23 percent of the primary market area's renter households are categorized as cost burdened. This segment of demand is often overstated in urban areas because households are also included in other demand segments and they are all not likely to move. In order to avoid overestimating demand, only 35 percent of the demand from cost burdened households is considered achievable.

Although none of the proposed units will have project based rental assistance, the tax credit units will be available to holders of Section 8 vouchers. The demand estimates based on the methodology described above were calculated both with and without a minimum income limit. The minimum income limit will not apply to those units occupied by tenants with Section 8 voucher assistance. Given the lack of new and attractive affordable housing in the area, many of the units at Worthington Club Apartments are expected to be leased by holders of Section 8 vouchers. The capture rate for the 99 tax credit units at Worthington Club Apartments is 9.7 percent without a minimum income limit and 11.8 percent with a minimum income limit. Using the same methodology, the capture rate for the 68 market rate units is 7.3 percent with a minimum income limit. These capture rates are considered achievable given the state of the existing rental housing market and the product to be constructed.

Table 16 - Overall Tax Credit Demand Estimates, Worthington Club Apartments

<i>For Tax Credit Units Demand From Renters Earning < \$49,560</i>		<i>For Tax Credit Units Demand From Renters Earning < \$49,560 and > \$12,789</i>	
	<i>The Primary Market Area</i>		<i>The Primary Market Area</i>
Substandard Households	220	Substandard Households	182
Household Growth	155	Household Growth	128
Cost Burdened	716	Cost Burdened	592
Total Demand	1,091	Target Segment Demand	902
Units in Subject Property	99	Units in Subject Property	99
Capture Rate	9.1%	Target Segment Capture Rate	11.0%

Table 17 - Detailed Tax Credit Demand Estimates, Worthington Club Apartments

Demand for Tax Credit Units from Substandard Households

2004 Households		% Substandard Households		2004 Substandard Households
47,936	times	3.88%	equals	1,860
2004 Substandard Households		% of Renters Per Census		Substandard Renter Households
1,860	times	31%	equals	577
Substandard Renter Households		% Earning < \$44,430 & < \$12,789		Substandard Renter Households Earning < \$44,430 & > \$12,789
577	times	31.56%	equals	182
Substandard Renter Households		% Earning < \$44,430		Substandard Renter Households Earning < \$44,430
577	times	38.19%	equals	220

Demand for Tax Credit Units from Household Growth

2004 Households 47,936	minus	2002 Households 46,626	equals	Population Change 1,310
Population Change 1,310	times	% of Renters Per Census 31.00%	equals	Renter Household Change 406
New Renter Households 406	times	% Earning < \$44,430 & < \$12,789 31.56%	equals	New Renter Households Earning < \$44,430 & > \$12,789 128
New Renter Households 406	times	% Earning < \$44,430 38.19%	equals	New Renter Households Earning < \$44,430 155

Demand for Tax Credit Units from Cost Burdened Renters

2004 Households 47,936	times	% of Renters Per Census 31.00%	equals	2004 Renter Households 14,860
2004 Renter Households 14,860	times	% Cost Burdened 36.05%	equals	Cost Burdened Renter Households 5,357
2004 Cost Burdened Renter Households 5,357	times	% Earning < \$44,430 & < \$12,789 31.56%	equals	Cost Burdened Renter Households Earning < \$44,430 & > \$12,789 1,691
2004 Cost Burdened Renter Households 5,357	times	% Earning < \$44,430 38.19%		Cost Burdened Renter Households Earning < \$44,430 2,046

Table 18 - Overall Market Rate Demand Estimates, Worthington Club Apartments

For Market Rate Units Demand

From Renters Earning < \$66080 and > \$30480 The Primary Market Area

Substandard Households	201
Household Growth	141
Cost Burdened	653
Total Demand	995
Units in Subject Property	68
Target Segment Capture Rate	6.8%

Table 19 - Detailed Market Rate Demand Estimates, Worthington Club Apartments

Demand for Market Rate Units from Substandard Households

2004 Households		% Substandard Households		2004 Substandard Households
47,936	times	3.88%	equals	1,860
2004 Substandard Households		% of Renters Per Census		Substandard Renter Households
1,860	times	31%	equals	577
Substandard Renter Households		% Earning < \$49,560 & < \$0		Substandard Renter Households Earning < \$49,560 & > \$0
577	times	34.81%	equals	201
Substandard Renter Households		% Earning < \$49,560		Substandard Renter Households Earning < \$49,560
577	times	53.99%	equals	312

Demand for Market Rate Units from Household Growth

2004 Households		2002 Households		Population Change
47,936	minus	46,626	equals	1,310
Population Change		% of Renters Per Census		Renter Household Change
1,310	times	31.00%	equals	406
New Renter Households		% Earning < \$49,560 & < \$0		New Renter Households Earning < \$49,560 & > \$0
406	times	34.81%	equals	141
New Renter Households		% Earning < \$49,560		New Renter Households Earning < \$49,560
406	times	53.99%	equals	219

Demand for Market Rate Units from Cost Burdened Renters

<table><tr><td>2004 Households</td></tr><tr><td>47,936</td></tr></table>	2004 Households	47,936	times	<table><tr><td>% of Renters Per Census</td></tr><tr><td>31.00%</td></tr></table>	% of Renters Per Census	31.00%	equals	<table><tr><td>2004 Renter Households</td></tr><tr><td>14,860</td></tr></table>	2004 Renter Households	14,860
2004 Households										
47,936										
% of Renters Per Census										
31.00%										
2004 Renter Households										
14,860										
<table><tr><td>2004 Renter Households</td></tr><tr><td>14,860</td></tr></table>	2004 Renter Households	14,860	times	<table><tr><td>% Cost Burdened</td></tr><tr><td>36.05%</td></tr></table>	% Cost Burdened	36.05%	equals	<table><tr><td>Cost Burdened Renter Households</td></tr><tr><td>5,357</td></tr></table>	Cost Burdened Renter Households	5,357
2004 Renter Households										
14,860										
% Cost Burdened										
36.05%										
Cost Burdened Renter Households										
5,357										
<table><tr><td>2004 Cost Burdened Renter Households</td></tr><tr><td>5,357</td></tr></table>	2004 Cost Burdened Renter Households	5,357	times	<table><tr><td>% Earning < \$49,560 & < \$0</td></tr><tr><td>34.81%</td></tr></table>	% Earning < \$49,560 & < \$0	34.81%	equals	<table><tr><td>Cost Burdened Renter Households Earning < \$49,560 & > \$0</td></tr><tr><td>1,865</td></tr></table>	Cost Burdened Renter Households Earning < \$49,560 & > \$0	1,865
2004 Cost Burdened Renter Households										
5,357										
% Earning < \$49,560 & < \$0										
34.81%										
Cost Burdened Renter Households Earning < \$49,560 & > \$0										
1,865										
<table><tr><td>2004 Cost Burdened Renter Households</td></tr><tr><td>5,357</td></tr></table>	2004 Cost Burdened Renter Households	5,357	times	<table><tr><td>% Earning < \$49,560</td></tr><tr><td>53.99%</td></tr></table>	% Earning < \$49,560	53.99%		<table><tr><td>Cost Burdened Renter Households Earning < \$49,560</td></tr><tr><td>2,892</td></tr></table>	Cost Burdened Renter Households Earning < \$49,560	2,892
2004 Cost Burdened Renter Households										
5,357										
% Earning < \$49,560										
53.99%										
Cost Burdened Renter Households Earning < \$49,560										
2,892										

D. Tax Credit Demand Estimates and Capture Rates by Floorplan

Table 20 - Tax Credit Demand Estimates and Capture Rates by Floorplan

	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Demand from Substandard HH	577	577	577	577
Demand from New Rental HH	406	406	406	406
Demand from Cost Burdened Rental HH (35%)	1,676	1,676	1,676	1,676
PMA Total Demand	2,659	2,659	2,659	2,659
PMA Income Qualified %	10.02%	19.42%	23.49%	22.72%
PMA Qualified Demand	266	516	526	604
Units	24	43	18	14
Capture Rate	9.0%	8.3%	3.4%	2.3%

The “PMA Total Demand” figure shown in the table above shows the demand from the three DCA stipulated components without income affordability applied. The percentages of the total households earning within the various floorplan specific income segments are then applied to this total demand number. The capture rates by floorplan indicate that the unit mix is appropriate. These capture rates are in line with the overall capture rate for the tax credit units at Worthington Club Apartments.

E. Absorption Estimate

Woodberry Village, an upper end rental community, has leased 168 units in approximately 8 months for an average monthly absorption of 21 units. Based on this community’s experience, the relatively strong market for newer, well maintained units, strong demand estimates and an apparent need for new, upgraded rental housing in the primary market area, Worthington Club Apartments should be able to lease 15 to 17 units per month for a 9 to 11 month lease up period. The proposed development will be one of very few rental communities constructed within the past ten to fifteen years. Worthington Club Apartments will stand apart with its new construction, large amount of amenities and location in a growing, more affluent area of southern DeKalb County.

VIII. Supply Analysis

A. Area Housing Stock

The rental housing stock as reported in the 1990 Census included a relatively low percentage of single-family homes with 17 percent of the county's rental units located in single-family detached homes. In the primary market area, 28 percent of the rental units were single-family homes. In DeKalb County, 8 percent of rental units were in either townhouse or duplex units. Approximately 6 percent of the PMA's rental stock falls into either of these categories.

A sizable percentage of the rental units, 57 percent, in the primary market area had between three and nineteen units. In DeKalb County, 56 percent of units were in properties of this size.

Rental communities with twenty or more units accounted for 8 percent of the total rental housing stock in the primary market area and 15 percent in the county. Given the lack of new construction in the market area within the past ten years, it is unlikely that this composition has changed significantly.

In the primary market area, less than one percent of the rental units were mobile homes. DeKalb County also had less than one percent of its rental housing stock in mobile home units. This low percentage of mobile homes is expected given the densely populated urban nature of the market area and DeKalb County.

Table 21 - 1990 Units in Rental Housing

<i>Units in Rental Housing</i>	<i>DeKalb County</i>		<i>The Primary Market Area</i>	
Renter 1 unit detached	14,621	17%	3,228	28%
Renter 1 unit attached	3,088	4%	504	4%
Renter 2 units	3,181	4%	225	2%
Renter 3 or 4 units	11,805	13%	1,448	12%
Renter 5 to 9 units	21,408	24%	2,757	24%
Renter 10 to 19 units	19,796	22%	2,446	21%
Renter 20 to 49 units	9,057	10%	800	7%
Renter 50+ units	4,231	5%	140	1%
Renter mobile home	124	0%	8	0%
Renter other	792	1%	118	1%

Rental Market

As part of this analysis, Real Property Research Group surveyed 19 rental communities identified within the primary market area. A profile sheet of each community is attached as Appendix 4 - Community Photos and Profiles. The location of each community is shown on Map 4 on the following page.

The 19 rental communities surveyed account for 4,793 dwelling units (Table 22). Seven communities offer all garden style buildings, 11 offer both garden and townhouse units, and one offers single-story “flats”. The garden style buildings are generally two to three stories. All of the communities were general occupancy market rate and tax credit communities.

The multifamily rental stock in the primary market area is generally old and outdated. The average age of the 17 properties for which data was available is twenty-seven years. The majority of the rental communities surveyed have not been well maintained and show severe signs deferred maintenance. Only one community has been constructed within the past 12 years. Six of the communities were constructed in 1970 or earlier.

Of the 4,480 units in stabilized communities that reported vacancy rates, 258 units were reported available, a rate of 5.76 percent. An additional 145 units are vacant among Woodberry Village's 313 total units, however this community is in its initial lease up period. Among the 19 stabilized general occupancy communities, seven have vacancy rates higher than seven percent. All of these communities are more than twenty years old and have not been particularly well maintained. The three LIHTC communities (Thornberry, Eagles Nest, and Parks at Country Estates), all have vacancy rates no higher than 3 percent. The low occupancy rate appears to be a result of non-competitive units, not an indication of a soft rental market. The newer and/or well maintained communities maintain higher occupancy levels.

Map 4 - Surveyed Rental Communities

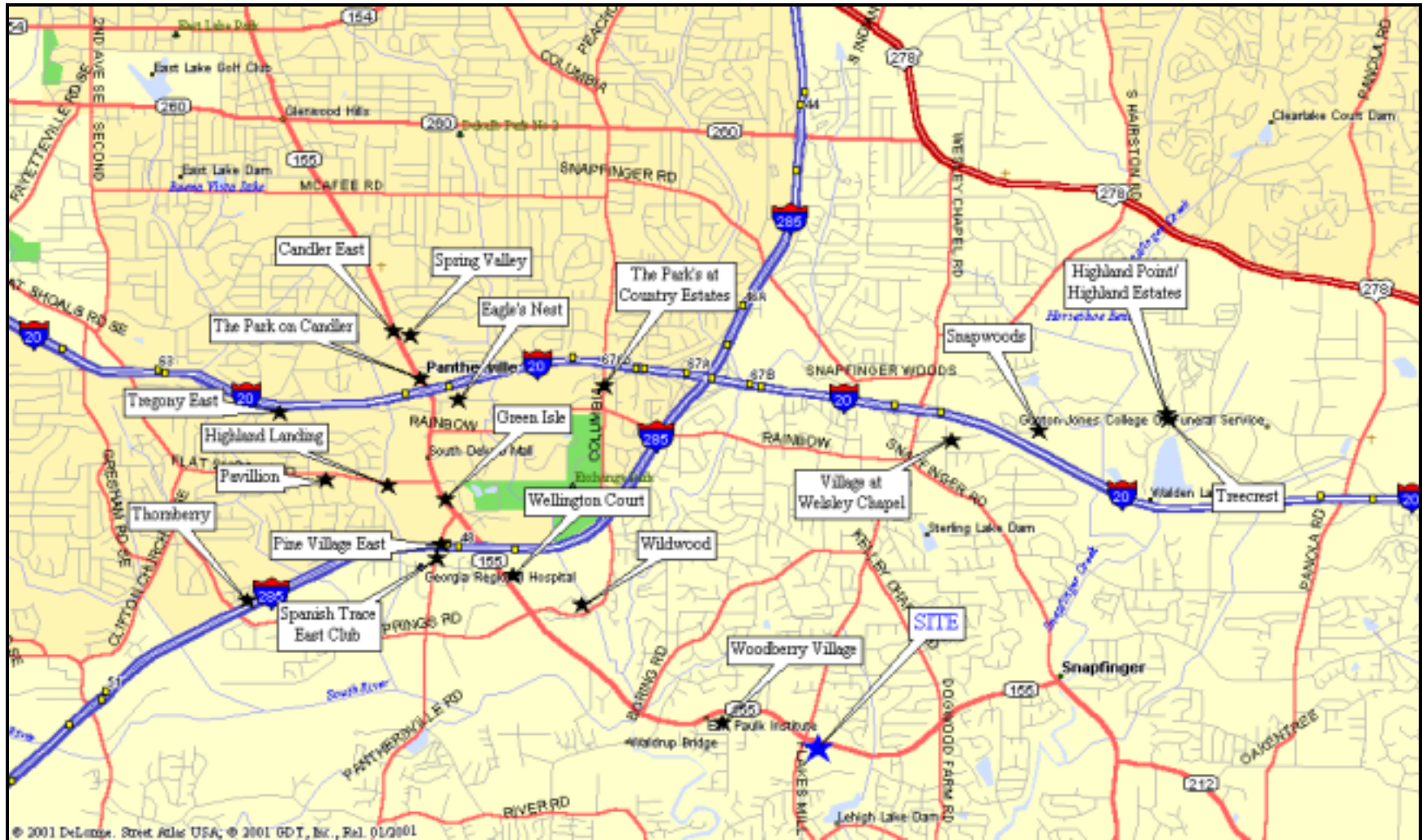


Table 22 - Rental Summary

Community	Year Built	Structure Type	Total Units	Vacant Units	Vacancy Rate	(1)	(1)	Incentive
						Average 1BR Rent	Average 2BR Rent	
Woodberry Village	2001	Garden&TH	313	145	46.3%	\$797	\$1,010	None
Treecrest Apts	1989	Garden&TH	736	38	5.2%	\$585	\$786	None
Thornberry Apts	1977	Garden	280	5	1.8%	\$607	\$763	None
Highland Landing	1973	Garden&TH	354	31	8.8%	\$595	\$711	None
Snapwoods Apts	1983	Garden	56	0	0.0%		\$700	None
Village at Wesley Chapel	1969	Garden&TH	218	30	13.8%	\$565	\$675	Rent \$795 now \$735. Rent \$775 now \$705
Spanish Trace East Club	1968	Garden&TH	518	25	4.8%	\$575	\$673	None
Highland Point & Highland Estates	1971	Garden&TH	361	18	5.0%	\$603	\$663	None
The Park on Candler	1971	Garden	268	34	12.7%	\$580	\$660	None
Spring Valley	1967	Garden	250	5	2.0%	\$550	\$650	None
Green Isle	1974	Garden&TH	204	20	9.8%		\$648	Half off the first and last month's rent.
The Parks at Country Estates	1968	Garden&TH	161	3	1.9%	\$550	\$647	None
Wellington Court		Garden&TH	117	9	7.7%	\$540	\$640	None
Wildwood Apts	1970	Garden	170	6	3.5%	\$510	\$640	None
Pavillion Apts	1968	Garden&TH	218	4	1.8%	\$540	\$615	None
Candler East	1978	Garden	90	0	0.0%	\$515	\$615	None
Tregony East	1971	Garden&TH	107	10	9.3%		\$595	None
Eagles Nest		Garden	296	9	3.0%	\$500	\$575	None
Pine Village East	1980	Flats	76	11	14.5%			June free, \$100 security dep., \$25 app fee
Total/Average			1975	4,793	403	8.41%	\$574	\$681
Stabilized Total				4,480	258	5.76%		

(1) Rent is gross rent, and not adjusted for utilities or incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2002.

The majority (15) of the surveyed communities include the cost of water, sewer and trash in the cost of rent (Table 24). The remaining communities include only the cost of trash removal. None of the surveyed communities offer more than these basic utilities. Worthington Club Apartments will include the cost of trash removal.

Dishwasher are present in 16 of the surveyed communities and 13 have garbage disposals. Thirteen communities have both a dishwasher and garbage disposal, while three have neither. One of the communities includes a microwave oven in each kitchen. Worthington Club Apartments will include both a dishwasher and a garbage disposal, but no microwave. Among the 19 surveyed properties, one offers more, 15 offer the same kitchen amenities and 3 offer fewer kitchen amenities than proposed at Worthington Club Apartments.

The majority of the properties offer a patio or balcony on most or all units. All of the communities include central laundry facilities and 13 also include washer and dryer connections in each unit. Parking is free in surface lots for all communities. Woodberry Village offers individual, detached garages for an additional charge of \$100 per month. Worthington Club Apartments will be competitive with its unit amenities as each unit will include a patio or balcony and washer dryer connections.

The majority of the communities in the market area offer a low to moderate amount of recreational amenities (Table 23). Among the 19 communities surveyed, three offer no recreational amenities, four offer one amenity, nine offer two amenities, two offer three amenities, and one offers four or more amenities. Worthington Club Apartments will offer a community room, swimming pool, a community garden, a playground, walking paths, a picnic area, covered pavilion, and an exercise center. Only one newly constructed market rate community with rents significantly higher than Worthington Club Apartments offers a comparable amenity package.

Among the 19 properties surveyed, 15 offer one bedroom units, 19 offer two bedroom units, 13 offer three bedroom units, and 1 offers four bedroom units. Worthington Club Apartments will consist of one, two, three, and four bedroom units. The proposed unit mix at Worthington Club Apartments is comparable with the existing rental stock and appears to be appropriate.

Street rents were adjusted to reflect inclusions of utilities and incentives. One-bedroom units range from 625 to 919 square feet and have net rents between \$495 and \$797 per month. The average one-bedroom net rent is \$570 per month for 774 square feet or \$0.74 per square foot. Two-bedroom units range from 875 to 1,243 square feet and have net rents between \$565 and \$1,010 per month. The average two-bedroom net rent is \$674 per month for 1,081 square feet or \$0.62 per square foot. Three-bedroom units range from 1,134 to 1,607 square feet and have net rents between \$660 and \$1,198 per month. The average three-bedroom net rent is \$787 per month for 1,347 square feet or \$0.58 per square foot. Only one community offers four bedroom units and the averages are \$945 for 1,985 square feet or \$.48 per square foot. The proposed 30 percent and 50 percent tax credit rents at Worthington Club Apartments are lower than the averages. The proposed 60 percent rents are slightly higher and the market rate rents are well above these averages. These averages are an average of all rental communities including those that are in excess of 25 years old, have not been well maintained and have few amenities. The proposed market rate rents are comparable with the most recently constructed market rate community, Woodberry Village. The proposed rents at Worthington Club Apartments are reasonable and appropriate given the product to be constructed.

Table 23 - Recreational Amenities of Communities

APARTMENT	Clubhouse	Pool	Tennis	Playground	Fitness Center	Jacuzzi
Candler East	No	Yes	No	Yes	No	No
Eagles Nest	Yes	Yes	No	Yes	No	No
Green Isle	No	Yes	No	Yes	No	No
Highland Landing	No	Yes	No	Yes	No	No
Highland Point/Estates	No	Yes	No	No	No	No
Pavilion	No	Yes	No	Yes	No	No
Pine Village East	No	Yes	No	No	No	No
Snapwoods	Yes	No	No	Yes	No	No
Spanish Trace East	No	Yes	Yes	No	No	No
Spring Valley	No	No	No	Yes	No	No
The Park on Candler	No	Yes	Yes	No	No	No
The Parks at Country Estates	Yes	No	No	Yes	No	No
Thornberry	Yes	No	No	Yes	No	No
Treecrest	No	No	No	No	No	No
Tregony East	No	No	No	No	No	No
Village at Wesley Chapel	No	Yes	No	Yes	Yes	No
Wellington Court	No	No	No	No	No	No
Wildwood	No	Yes	No	No	No	No
Woodberry Village	Yes	Yes	Yes	Yes	Yes	No

Table 24 - Features of Rental Communities in Primary Market Area

Project	Heat Who Pays? (Landlord or Tenant)					Kitchen			Laundry	Parking	Security
	Fuel	Heat	Hot Water	Cooking	Water	D/W	Micro	Disposal			
Candler East	Elec	T	T	T	L				Facility	Surface	
Eagles Nest	Gas	T	T	T	L	yes		yes	Facility	Surface	Gate
Green Isle	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Highland Landing	Both	T	T	T	T	yes		yes	Facility/Hook-ups	Surface	
Highland Point/Estates	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Pavilion	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Pine Village East	Elec	T	T	T	L	yes			Facility	Surface	
Snapwoods	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Spanish Trace East	Elec	T	T	T	L	yes		yes	Facility	Surface	
Spring Valley	Gas	T	T	T	L	yes			Facility/Hook-ups	Surface	
The Park on Candler	Gas	T	T	T	L	yes		yes	Facility	Surface	
The Parks at Country Estates	Both	T	T	T	L				Facility/Hook-ups	Surface	
Thornberry	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Treecrest	Gas	T	T	T	T	yes	yes	yes	Facility/Hook-ups	Surface	
Tregony East	Elec	T	T	T	T				Facility/Hook-ups	Surface	
Village at Wesley Chapel	Elec	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Wellington Court	Both	T	T	T	L	yes		yes	Facility/Hook-ups	Surface	
Wildwood	Both	T	T	T	L	yes			Facility	Surface	
Woodberry Village	Elec	T	T	T	T	yes		yes	Facility/Hook-ups	Surface/Garage	Gate

Table 25 - Salient Characteristics, Surveyed Rental Communities

Community	Type	(1)					(1)				(1)			
		Total Units	One Bedroom Units			Rent/SF	Two Bedroom Units			Rent/SF	Three+ Bedroom Units			Rent/SF
			Units	Rent	SF		Units	Rent	SF		Units	Rent	SF	
Woodberry Village	Garden&TH	313		\$797	809	\$0.98	4	\$1,010	1,220	\$0.83		\$1,198	1,466	\$0.82
Treecrest Apts	Garden&TH	736		\$585	625	\$0.94		\$786	1,243	\$0.63				
Thornberry Apts	Garden	280	144	\$602	660	\$0.91	64	\$753	1,025	\$0.73	72	\$935	1,236	\$0.76
Highland Landing	Garden&TH	354		\$595	747	\$0.80		\$711	1,115	\$0.64		\$805	1,340	\$0.60
Snapwoods Apts	Garden	56					56	\$690	875	\$0.79				
Village at Wesley Chapel	Garden&TH	218		\$560	745	\$0.75		\$665	983	\$0.68		\$793	1,432	\$0.55
Spanish Trace East Club	Garden&TH	518		\$570	718	\$0.79		\$663	1,090	\$0.61				
Highland Point & Highland Estates	Garden&TH	361		\$598	919	\$0.65		\$653	1,141	\$0.57		\$768	1,607	\$0.48
The Park on Candler	Garden	268	146	\$575	770	\$0.75	126	\$650	1,111	\$0.58				
Spring Valley	Garden	250	128	\$545	975	\$0.56	112	\$640	1,175	\$0.54	10	\$745	1,300	\$0.57
Green Isle	Garden&TH	204						\$638	1,270	\$0.50		\$733	1,510	\$0.49
The Parks at Country Estates	Garden&TH	161		\$545	830	\$0.66		\$637	1,095	\$0.58		\$705	1,190	\$0.59
Wellington Court	Garden&TH	117		\$535	750	\$0.71		\$630	1,124	\$0.56		\$725	1,251	\$0.58
Wildwood Apts	Garden	170		\$505				\$630						
Pavillion Apts	Garden&TH	218	56	\$535	750	\$0.71	136	\$605	1,124	\$0.54	26	\$751	1,576	\$0.48
Candler East	Garden	90	28	\$510	834	\$0.61	52	\$605	937	\$0.65	10	\$700	1,134	\$0.62
Tregony East	Garden&TH	107						\$595	950	\$0.63		\$710	1,275	\$0.56
Eagles Nest	Garden	296		\$495	700	\$0.71		\$565	900	\$0.63		\$660	1,200	\$0.55
Pine Village East	Flats	76												
Average / Total		4,793		\$570	774	\$0.74		\$674	1,081	\$0.62		\$787	1,347	\$0.58
Unit Distribution		1,170	502				550				118			
% of Total		24%	43%				47%				10%			

(1) Rent is adjusted, net of utilities and incentives

Source: Field Survey, Real Property Research Group, Inc. June, 2002.

Figure 4 - Product Position

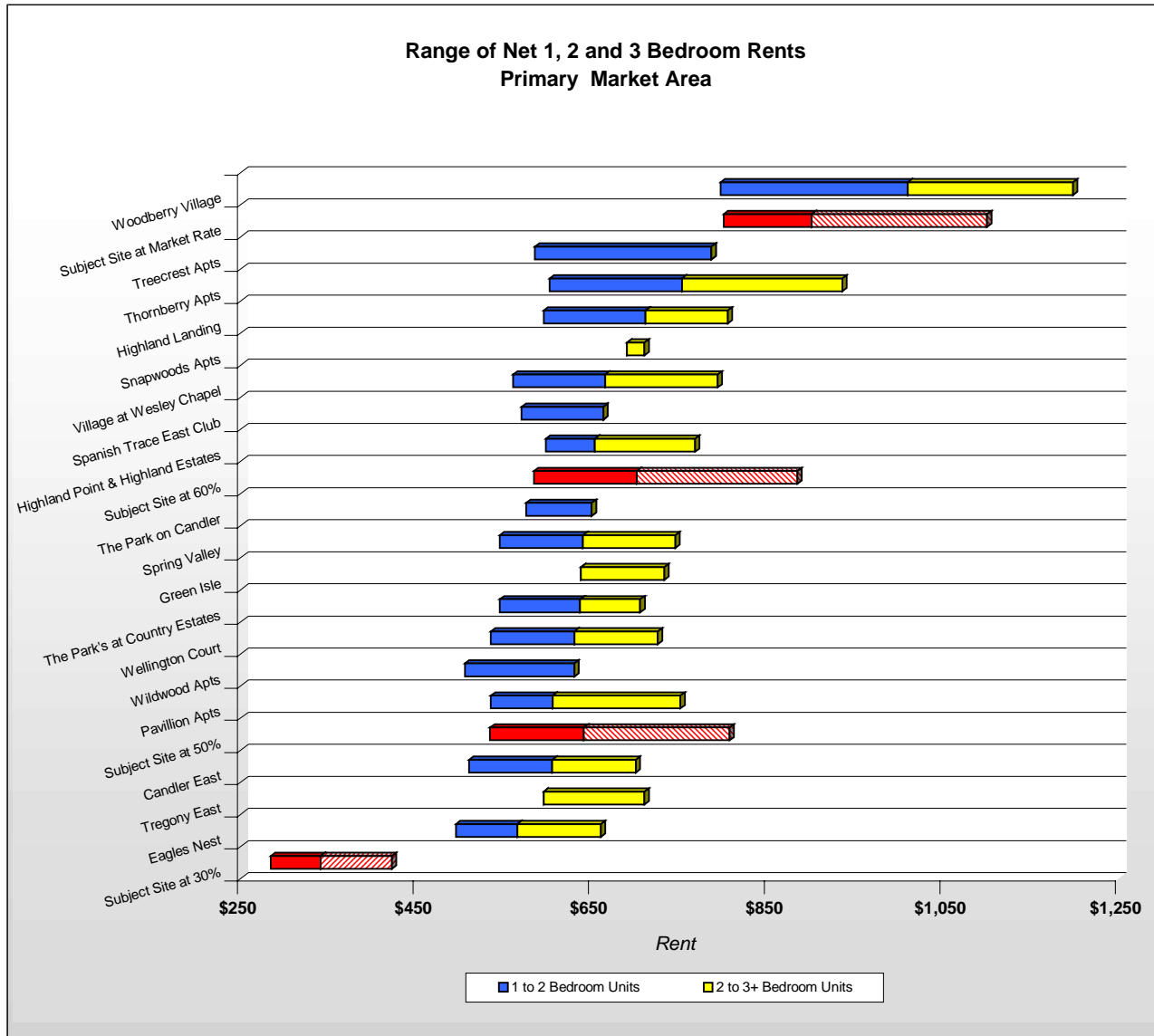


Table 26 – Market Rate Comparable Property Analysis

	1-Bedroom			2-Bedroom			3-Bedroom			4-Bedroom		
	Rent	Sq. Foot	Rent/Sq. Foot	Rent	Sq. Foot	Rent/Sq. Foot	Rent	Sq. Foot	Rent/Sq. Foot	Rent	Sq. Foot	Rent/Sq. F
Woodberry Village	\$797	809	\$0.985	\$1,020	1,220	\$0.836	\$1,205	1,466	\$0.822	\$1,390*	1,712	\$0.812
Max. Proposed Tax Credit Rents	\$584	822	\$0.710	\$701	1,086	\$0.645	\$805	1,209	\$0.666	\$884	1,189	\$0.743
Proposed Mkt. Rate Rents	\$800	822	\$0.973	\$900	1,086	\$0.829	\$1,000	1,209	\$0.827	\$1,100	1,189	\$0.925

60% Test	1-Br	2-Br	3-Br	4-Br
MAX 60% Rents	\$0.710	\$0.645	\$0.666	\$0.743
MAX 60% Rents + 10 Percent	\$0.782	\$0.710	\$0.732	\$0.818
Comparable Average	\$0.985	\$0.836	\$0.822	\$0.812

Market Test	1-Br	2-Br	3-Br	4-Br
MAX 60% Rents	\$0.710	\$0.645	\$0.666	\$0.743
MAX 60% Rents + 5 Percent	\$0.746	\$0.678	\$0.699	\$0.781
Proposed Market Rate Units	\$0.973	\$0.829	\$0.827	\$0.925

* Comparable four bedroom rent and square footage estimate based on 2 and 3 bedroom data.

According to the market study requirements published by the Georgia Department of Community, comparable market rate properties should have rents that are at least 10 percent higher than the maximum proposed tax credit rent on a per square foot basis. Furthermore, the proposed market rate units should have rents that are 5 percent higher than maximum proposed tax credit rent on a per square foot basis.

In order to meet the 10 percent test for the tax credit rents, comparable market rate properties in the primary market area must have rents per square foot of \$0.782, \$0.710, \$0.731 and \$0.818 for one, two, three and four bedroom units respectively. The average among the comparable properties is equal to or above these rents per square foot for each floorplan.

In order for the proposed market rate units to fulfill their respective requirement, the rent per square foot for these market rate units have to be at least \$0.746 for a one bedroom unit, \$0.678 for a two bedroom unit, \$0.699 for a three bedroom unit, and \$0.781 for a four bedroom unit. The proposed rent per square foot for the market rate units is above these levels for each respective floorplan.

As the figure on the page 54 illustrates, there is no break in the range of net rents in the primary market area. Price points are consistently covered by the existing rental stock. The proposed 30 percent tax credit rents are located at the bottom of the range of net rents, the 50 percent units are located in the lower quadrant of the range of net rents, the 60 percent rents are located near the middle of the range of net rents and the market rate rents are priced near the top of the market. As mentioned previously, these rents are appropriate and will be competitive given the proposed location and product to be constructed.

B. Proposed Developments

According to local planning officials including the City of Decatur and DeKalb County, there are no comparable rental communities under construction or planned within the borders of the primary market area.

IX. Interviews

Information gathered through field and phone interviews was used throughout the various sections of this report. The interviewees included property managers, individuals with the chamber of commerce, DeKalb and Atlanta Housing Authorities, and local planning officials. All pertinent information obtained was included in the appropriate section of this report.

X. Conclusions and Recommendations

Proposed Site Location

- The proposed site is located on the south side of Flat Shoals Road approximately one quarter of one mile east of Flakes Mill Road. The entrance to the site is located just east of a large shopping center with an Outback Steakhouse being the closest establishment.
- The proposed site is partially cleared with a large amount of mature trees remaining on both the east and west sides of the site. These trees will create a natural buffer between the proposed development and surrounding land uses.
- The proposed site is bordered to the north by vacant land and a recently constructed single family neighborhood, to the east by a newly constructed retail shopping center, to the south by Flat Shoals Road, and to the west by wooded parcels and single family homes.
- There are no apparent physical disadvantages to the site.

Proposed Amenities

- Common area amenities of Worthington Club Apartments will include an on-site management office, a swimming pool, a computer lab, on-site laundry facilities, an equipped recreation area, an equipped picnic area, covered pavilion with picnic/barbeque facilities, an exercise/fitness center, a walking path with sitting areas, and a fenced community garden.
- Unit specific amenities will include a fully-equipped kitchen with a refrigerator, an oven/range with exhaust hood, a dishwasher, and a garbage disposal, washer and dryer connections in each unit, and central heat and air.
- Additional services to be offered at Worthington Club Apartments will include supervised recreational activities for children, an after school

program, social and recreational programs, financial and budgeting seminars, drug and alcohol counseling, job counseling, and home buying seminars.

Demographic Analysis

- According to 2000 Census data, the proposed development is compatible with the demographic composition of the primary market area.
- The marriage rate, persons per household and existence of children in a large percentage of the household in the primary market area indicate the need for larger rental units.

Proposed Unit Mix and Rent Schedule

- The proposed unit mix consists of one, two, three, and four bedroom tax credit units at 30, 50 and 60 percent of the Area Median Income. There will also be a market rate component at Worthington Club Apartments.
- All floorplans to be included at Worthington Club Apartments are common in the primary market area's existing stock. The proposed floorplans will appeal to a large range of household sizes from single renters to large families. The proportion of units in each floorplan is appropriate.
- The proposed tax credit rents at Worthington Club Apartments are priced in the bottom half of the range of net rents for the 30 and 50 percent units. The 60 percent units are situated roughly in the middle of the range of net rents. The market rate units are priced near the top of the market.
- The proposed rents are appropriate given the larger than average unit sizes, attractive location, new construction, and extensive amenities to be included.

Affordability Analysis

- Based on household income distributions produced by Claritas, 38.2 percent of the households in the primary market area earn less than the maximum income limit for the four bedroom units at 60 percent of the AMI.

- When a minimum income limit is introduced, 31.56 percent earn below the maximum income limit and above the minimum income limit. This minimum income limit will apply to those householders without Section 8 voucher rental assistance.
- Based on the 2004 household estimate of 47,936 for the primary market area, there are 18,305 households with incomes below the maximum income limit and 15,130 of these household also earn more than the minimum income limit.

Demand and Capture Rates

- Using the methodology stipulated by DCA, we find that there will be 2,659 renter households as a result renter households living in substandard conditions, rent over burdened households, and renter household growth between 2002 and 2004.
- By applying the income qualification percentages discussed earlier to this demand number, we calculate that there is demand for 1,091 additional units addressing the income target market in the primary market area.
- This demand estimate results in a tax credit capture rate of 9.1 percent with a minimum income limit and 11.0 percent without a minimum income limit. Based on the product to be constructed and the proposed location, these capture rates are considered achievable. The market rate capture rate is 7.3 percent.

Final Conclusion

- Given the attractive location, low proposed rents, competitive unit sizes, and extensive amenities to be offered at Worthington Club Apartments, it is conservatively estimated that the proposed development will lease approximately 15 to 17 units per month. At this rate, the proposed development will achieve 95 percent occupancy within approximately eight to ten months.
- Based the data presented in this report, we find that Worthington Club Apartments passes the market study test as proposed.

Appendix 1 - Underlying Assumptions and Limiting Conditions

In conducting the analysis, we will make the following assumptions, except as otherwise noted in our report:

1. There are no zoning, building, safety, environmental or other federal, state or local laws, regulations or codes which would prohibit or impair the development, marketing or operation of the subject project in the manner contemplated in our report, and the subject project will be developed, marketed and operated in compliance with all applicable laws, regulations and codes.
2. No material changes will occur in (a) any federal, state or local law, regulation or code (including, without limitation, the Internal Revenue Code) affecting the subject project, or (b) any federal, state or local grant, financing or other program which is to be utilized in connection with the subject project.
3. The local, national and international economies will not deteriorate, and there will be no significant changes in interest rates or in rates of inflation or deflation.
4. The subject project will be served by adequate transportation, utilities and governmental facilities.
5. The subject project will not be subjected to any war, energy crisis, embargo, strike, earthquake, flood, fire or other casualty or act of God.
6. The subject project will be on the market at the time and with the product anticipated in our report, and at the price position specified in our report.
7. The subject project will be developed, marketed and operated in a highly professional manner.
8. No projects will be developed which will be in competition with the subject project, except as set forth in our report.
9. There are no existing judgments nor any pending or threatened litigation which could hinder the development, marketing or operation of the subject project.

The analysis will be subject to the following limiting conditions, except as otherwise noted in our report:

1. The analysis contained in this report necessarily incorporates numerous estimates and assumptions with respect to property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates and the variations may be material.
2. Our absorption estimates are based on the assumption that the product recommendations set forth in our report will be followed without material deviation.
3. All estimates of future dollar amounts are based on the current value of the dollar, without any allowance for inflation or deflation.
4. We have no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal matters, environmental matters, architectural matters, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering matters.
5. Information, estimates and opinions contained in or referred to in our report, which we have obtained from sources outside of this office, are assumed to be reliable and have not been independently verified.
6. The conclusions and recommendations in our report are subject to these Underlying Assumptions and Limiting Conditions and to any additional assumptions or conditions set forth in the body of our report.

Appendix 2 - Analyst Certification

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent on this project being funded.



Tad Scepaniak
Regional Director
Real Property Research Group, Inc.

June 21, 2002

Date

Warning: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any manner in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

Appendix 3 - Resumes

TAD SCEPANIAK

Mr. Scepaniak directs our Atlanta office. He has approximately eight years of experience in the field of residential rental market research. Before joining the firm, Tad was president of MarketQuest, where he was involved extensively in the Low Income Tax Credit program throughout the entire United States. Mr. Scepaniak has completed work in approximately 25 states and Puerto Rico over the past eight years. He also has experience conducting studies under the HUD 221d program, market rate rental properties, and student housing developments. Along with work for developer clients, Tad has led our research efforts for both the North Carolina and Georgia Housing Finance agencies. Mr. Scepaniak is also responsible for development and implementation of many of the firm's automated analytic systems.

Areas of Concentration:

Low Income Tax Credit Rental Housing: Mr. Scepaniak has worked extensively with the Low Income Tax Credit program throughout the United States, with special emphasis on the Southeast and Mid-Atlantic regions.

Senior Housing: Mr. Scepaniak has conducted feasibility analysis for a variety of senior oriented rental housing. The majority of this work has been under the Low Income Tax Credit program, however His experience includes assisted living facilities and market rate senior rental communities.

Market Rate Rental Housing: Mr. Scepaniak has conducted various projects for developers of market rate rental housing. The studies produced for these developers are generally used to determine the rental housing needs of a specific submarket and to obtain financing.

Student Housing: Tad has conducted market analysis of student housing solutions for small to mid-size universities. The analysis includes current rental market conditions, available on-campus housing options, student attitudes, and financial viability of proposed developments. Recent campus studies include Southern Polytechnic University, North Georgia State College and University, and Abraham Baldwin Agricultural College.

Education:

Bachelor of Science – Marketing Research; Berry College – Rome, Georgia.

ROBERT M. LEFENFELD

Mr. Lefenfeld has over 20 years of experience in the field of residential market research. As an officer of research subsidiaries of the accounting firm of Reznick Fedder & Silverman and Legg Mason, he has closely monitored residential markets throughout the Mid-Atlantic United States. Between 1998 and 2001, Bob was Managing Director of RF&S Realty Advisors, conducting market studies throughout the United States on rental and for-sale projects. From 1987 to 1995, Bob served as Senior Vice President of Legg Mason Realty Group, managing the firm's consulting practice and serving as publisher of a Mid-Atlantic residential data service, Housing Market Profiles.

Prior to joining Legg Mason, Bob spent ten years with the Baltimore Metropolitan Council as a housing economist. Bob also served as Research Director for Regency Homes between 1995 and 1998, where he analyzed markets throughout the Eastern United States and evaluated the company's active building operation on an ongoing basis.

Bob has lectured and written extensively on the subject of residential real estate market analysis. He has served as a panel member, speaker, and lecturer at events held by the National Association of Homebuilders and the National Council on Seniors Housing. Recent articles have appeared in ULI's Multifamily Housing Trends magazine and Mid-Atlantic Builder. He is also a founding member of the recently formed Council of Affordable Housing Market Analysts, which is part of the National Housing and Rehabilitation Association.

Areas of Concentration:

Strategic Assessments: Mr. Lefenfeld has conducted numerous corridor analyses throughout the United States to assist building and real estate companies in evaluating development opportunities. Such analyses document demographic, economic, competitive, and proposed development activity by submarket and discuss opportunities for development.

Feasibility Analysis: Mr. Lefenfeld has conducted feasibility studies for various types of residential developments for builders and developers. Subjects of these analyses have included for-sale single family and townhouse developments, age-restricted rental and for-sale developments, large multi-product PUDs, urban renovations, and continuing care facilities for the elderly. In addition, he has conducted feasibility work in conjunction with Hope VI applications for redevelopment of public housing sites and analyses of rental developments for 221(d)4 insurance and tax credit applications.

Information Products: Bob has developed a series of proprietary databases to assist clients in monitoring growth trends. Subjects of these databases have included for-sale housing, pipeline information, and rental communities. Information compiled is committed to a Geographic Information System (GIS), allowing the comprehensive integration of data.

Education:

Masters of Urban and Regional Planning; The George Washington University.
Bachelor of Arts, Political Science; Northeastern University.

Appendix 4 - Community Photos and Profiles